



Athena
RESOURCES LIMITED

ABN 69 113 758 900

Half Year Report
31 December 2008

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DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half year ended 31 December 2008. 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
Andrew Thomson	Non Executive Director

Review of Operations

Overview

Athena Resources Limited is a mineral exploration company with a gold, nickel and basemetals focus. The Company is targeting "green-fields" Proterozoic and Archaean terranes in Western Australia that exhibit features associated with large mineral systems. Athena is exploring for gold-copper-silver-lead mineralisation at Ashburton and magmatic nickel-copper sulphide and platinum group mineralisation at the Byro and Ravensthorpe projects. The Company has over 7,100 km² under granted tenure and in exploration licence applications.

1. ASHBURTON PROJECT (Athena Resources 100%, P08/493 95%, M08/189 90%)

During the half year Athena Resources completed a soil geochemical sampling programme at North Kooline and ground geophysical surveys over five areas centred on the Kooline lead mines on E09/1641.

Athena also took delivery of the final contractor grids for the high-resolution airborne magnetic and radiometric survey over Kooline and environs. Processing and interpretation of the data is underway. The magnetics indicate a number of subtle linear features in close proximity to the mineralisation at Kooline. These features possibly represent structures that controlled fluid migration and subsequent ore deposition. The radiometric data show a distinct response in the potassium band (K). Potassium alteration is frequently associated with alteration of the wall rocks, particularly mica, when mineralisation forms. Further work is required to confirm these observations in detail. The interpretation and integration will be completed during the current wet season when field work is not possible. The Company now has extensive data sets for the Kooline lead mines area that will allow area selection and targeting to be refined further.

The soil geochemistry at North Kooline tested a zone of arenaceous sandstones cut by gossanous quartz vein stockworks with pyrite alteration on the vein margins. Athena has located records of historic rock chips and mapping in the area but none of the reports contain the assay information. The zone has a strike length of over 2.5 kilometres in outcrop and has never been drill tested.

This soil geochemical sampling at Kooline North has resulted in the discovery of a new, low order, coincident gold-copper-uranium-zinc-antimony-tungsten anomaly associated with altered lithic sandstone. The alteration is typified by silica and pyrite. The Kooline North anomaly, which is over 200 metres wide, is open in both directions as the soil sampling program only tested 2.5 kilometres of the 3 kilometre long outcrop. The Kooline North anomaly, which compares favourably to the Kooline gold zone where Gradient Array IP mapped an altered pyritic sandstone unit, will be tested by IP surveys and evaluated for drill testing.

Athena also during the half year employed a geophysical survey contractor to carry out gradient array Induced Polarisation (IP) surveys initially over four grids, but this was extended to five grids on the back the results coming in from the field. Data from the five Induced Polarisation (IP) Gradient Array and two Dipole-Dipole geophysical surveys at Kooline has been integrated and interpreted. Gradient Array is used to map the surface extent of underlying chargeable or resistive bodies, while Dipole-Dipole acquisition gives an indication of depth and dip direction.

The most exciting result from the survey is the alignment of historic lead workings with the edge of the chargeability response in the Gradient Array. It is possible that historic prospecting and mining activity was directed at the margins of, and missed, the main zone of silver-lead mineralisation. Dipole-Dipole traverses across the best of these responses indicate strong chargeable bodies approximately 50 metres below surface on both lines. Athena has previously reported assays from rock chip samples of 42.5% lead, 375g/t silver and 3.78% copper from the area of a moderate chargeability anomaly. A much stronger parallel response that occurs approximately 40 metres further north has no apparent surface expression.

The results of the geophysical surveys are reinforced by extensive geochemical sampling that was reported by Athena

DIRECTORS' REPORT

previously. Several targets with coincident geochemical and geophysical anomalies merit drill testing.

A programme of stream sediment and soil geochemistry has been designed to test specific targets on the western side of the Ashburton River and along the base of the Bangemall Range. This work is scheduled as a priority for early in the 2009 field season.

Athena's extensive Ashburton project is still at the early stage of evaluation and the prospects have been assessed only to the reconnaissance level. Large areas of the tenement package covered by shallow alluvium have not been explored. Athena is encouraged by the success of the geochemical and geophysical programs in the areas of outcrop and is optimistic that these results can be repeated in areas of cover where several priority exploration targets have been identified.

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

Rock chip samples collected during reconnaissance traversing northeast of Moonborough, on E09/1507, returned a best result of **9.11% copper** and **1.97ppm palladium** with 40 ppb gold in sample number MBCR100. Other rock chip samples of interest from this area include MBCR099 (0.77% copper, 0.31ppm palladium and 32ppb gold) and MBCR098 (0.35% copper, 0.12ppm palladium and 13ppb gold). These results are considered outstanding for this type of mineralisation in reconnaissance samples. The samples came from between an area where Athena has previously obtained assays to **0.3% copper, 0.19 ppm palladium, and 0.14ppm gold** (sample MBCR072) and the copper-palladium-gold anomaly at Moonborough. This new mineralisation is hosted in amphibolite after gabbro and dolerite. The relationships of the different host units remain uncertain because of the restricted exposure in the area of interest. However, the broad distribution of rocks of mafic and ultramafic origin with remobilised copper and palladium mineralisation is critical to, and reinforces, Athena's exploration model for this area.

Athena's has received the final grids for the 100 metre line spacing high-resolution survey over Byro from the contactor. The data is currently being processed and interpreted in house. The results of this assessment will be reported separately in due course. The project area was selected on the residual gravity response and the 1600m line spacing magnetic anomalism. The new dataset defines the 1600m broad anomalism as discrete targets and previously unresolved magnetic units are considered significant targets.

The Company has received data from the WA Geological Survey's 400 metre spaced Byro regional survey. The government data set over the tenement package would have cost Athena in excess of \$100,000 to fly privately. A detailed assessment of the data depends on the release of the final gridded data sets, which is expected before the end of the calendar year. However, it is apparent from an initial assessment of the preliminary data that Athena has a high-value strategic tenement holding in the Murchison region with potential for deposits of iron and uranium in addition to the commodities the Company is specifically targeting. The Company lodged tenement applications over areas not previously within its tenement portfolio and will carry out a full review this large landholding in the coming months.

3. RAVENSTHORPE PROJECT (Athena Resources 100%)

Athena is seeking a partner to manage and explore the Ravensthorpe tenements, and an Information Memorandum has been sent to a number of interested parties.

4. BINNERINGIE PROJECT

Following a review of all the available data the decision was made surrender the granted Binneringie project tenements and withdraw the remaining tenement applications to allow resources to be directed at the more advanced Ashburton and Byro projects.

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 2008.

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 11 March 2009



Accountants | Business and Financial Advisers

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 2008, 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.

A handwritten signature in blue ink, appearing to read 'Norman G. Neill'.

**Perth, Western Australia
11 March 2009**

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

**CONDENSED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	Notes	Consolidated	
		2008 \$	2007 \$
Revenue		5,649	23,407
Depreciation		(25,933)	(24,022)
Employee and Consultant Costs		(120,394)	(87,081)
Exploration Written Off		(986,602)	-
Listing and Share Registry Costs		(30,889)	(28,877)
Office and Communication Costs		(11,386)	(26,416)
Other Expenses		(46,606)	(37,715)
Profit before income tax expense		(1,216,161)	(180,704)
Income tax expense		-	-
Net profit attributable to members of parent		(1,216,161)	(180,704)
Basic loss per share (cents per share)		(3.88)	(0.70)

The accompanying notes form part of these financial statements

**CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2008**

	Notes	Consolidated	
		31 December	30 June
		2008	2008
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents		201,009	514,768
Trade and other receivables		41,247	55,755
Other current asset		8,000	10,000
Total Current Assets		250,256	580,523
Non-Current Assets			
Property, plant and equipment		84,557	110,490
Mineral exploration and evaluation	2	1,653,799	2,316,766
Total Non-Current Assets		1,738,356	2,427,256
Total Assets		1,988,612	3,007,779
Liabilities			
Current Liabilities			
Trade and other payables		133,510	225,892
Interest Bearing Liabilities		16,634	15,990
Total Current Liabilities		150,144	241,882
Non Current Liabilities			
Interest Bearing Liabilities		4,360	12,838
Total Non Current Liabilities		4,360	12,838
Total Liabilities		154,504	254,720
Net Assets		1,834,108	2,753,059
Equity			
Issued capital	3	4,491,591	4,194,381
Reserves		231,000	231,000
Accumulated Losses		(2,888,483)	(1,672,322)
Total Equity		1,834,108	2,753,059

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	Consolidated			
	Issued Capital	Accumulated Losses	Options Reserve	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2007	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)
Balance at 31 December 2007	3,521,675	(466,461)	231,000	3,286,214
Balance at 1 July 2008	4,194,381	(1,672,322)	231,000	2,753,059
Shares issued during the half year	300,000	-	-	300,000
Share issue costs	(2,790)	-	-	(2,790)
Loss attributable to members of the parent entity	-	(1,216,161)	-	(1,216,161)
Balance at 31 December 2008	4,491,591	2,888,483	231,000	1,834,108

The accompanying notes form part of these financial statements

**CONDENSED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	Consolidated	
	2008	2007
	\$	\$
	Inflows/(Outflows)	
Cash flows from operating activities		
Payments to suppliers and employees	(179,174)	(197,430)
Interest received	5,649	23,407
Net cash (used in) operating activities	(173,525)	(174,023)
Cash flows from investing activities		
Proceeds from sale of non-current assets	2,000	-
Purchase of non-current assets	-	(4,751)
Payments for exploration expenditure	(431,610)	(645,593)
Net cash (used in) investing activities	(429,610)	(650,344)
Cash flows from financing activities		
Proceeds from issue of shares	300,000	-
Payment for share issue costs	(2,790)	(12,097)
Repayment of Borrowings	(7,834)	(7,190)
Net cash provided / (used in) by financing activities	289,376	(19,287)
Net (decrease) in cash held	(313,759)	(843,654)
Cash and cash equivalents at 1 July 2008	514,768	1,300,479
Cash at 31 December 2008	201,009	456,825

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

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 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 2008 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 2008 annual financial report for the financial year ended 30 June 2008.

In the half-year ended 31 December 2008 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 2008.

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.

Reporting Basis and Conventions

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Company's and consolidated entity's assets and the discharge of their liabilities in the normal course of business.

The Board considers that the Company is a going concern and 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 assets during the twelve month period from the date of this financial report. Such additional funding as occurred during the half year ended 31 December 2008 as disclosed in Note 3 of this report, can be derived from either one or a combination of the following:

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

Accordingly, 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 going concerns and that it is appropriate to adopt that basis of accounting in the preparation of the financial report. 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 and therefore, whether it will realise its assets (specifically the exploration and evaluation assets) and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

Consolidated

NOTE 2: DEFERRED EXPLORATION EXPENDITURE

	31 December 2008	30 June 2008
	\$	\$

Costs carried forward in respect of areas of interest in the following phases:

Exploration and evaluation phase – at cost

Balance at beginning of year	2,316,766	2,195,655
Expenditure incurred	323,635	928,995
Fair value of acquisition	-	250,000
Expenditure Written Off	(986,602)	(1,057,884)
	1,653,799	2,316,766

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 3: ISSUED CAPITAL

Consolidated

	31 December 2008	30 June 2008
	\$	\$

Ordinary shares

Issued and fully paid	4,491,591	4,194,381
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Movements in ordinary shares on issue

	No	\$
At 1 July 2008	29,700,649	4,194,381
Fully paid shares issued at 4.0¢ each	7,500,000	300,000
Less: Share issue costs	-	(2,790)
At 31 December 2008	37,200,649	4,491,591

NOTE 4: SEGMENT REPORTING

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

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

On January 20 2009 the company issued a total of 1,000,000 fully paid ordinary shares and 1,000,000 options expiring 30 November 2009 exercisable at \$0.20 to a director Mr Andrew Thomson to raise \$40,000.

The placement was made pursuant to the shareholder approval obtained on 15 January 2009.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes thereto, as set out on 5 to 10:
 - 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 2008 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 11 March 2009



Accountants | Business and Financial Advisers

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 2008, the condensed income statement, condensed statement of changes in equity, 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 2008 ("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 Interim and Other Financial Reports 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 consolidated entity's financial position as at 31 December 2008 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*.

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 as at 31 December 2008 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 (WA Partnership) ABN 22 193 232 714

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Continuation as a Going Concern

Without qualification to the opinion expressed above, we draw attention to Note 1 in the financial report which indicates that the company will require additional sources of funding to enable it to carry out its objectives. If the company is unable to generate additional cash flows, there is significant uncertainty whether the company will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.



HLB MANN JUDD
Chartered Accountants



N G NEILL
Partner

Perth, Western Australia
11 March 2009