

ATHENA GOLD CORPORATION
(Formerly Athena Silver Corporation)
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Athena Gold Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Athena Gold Corporation and its subsidiary (collectively, the "Company") as of December 31, 2022 and 2021, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Going Concern Matter

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ MaloneBailey, LLP

www.malonebailey.com

We have served as the Company's auditor since 2011.

Houston, Texas

March 15, 2023

ATHENA GOLD CORPORATION
CONSOLIDATED BALANCE SHEETS

Assets	<u>12/31/22</u>	<u>12/31/21</u>
Current assets		
Cash	\$ 15,075	\$ 72,822
Prepaid expenses	<u>32,200</u>	<u>51,166</u>
Total current assets	47,275	123,988
Other assets		
Mineral Rights	<u>6,196,114</u>	<u>6,000,000</u>
Total other assets	6,196,114	6,000,000
Total assets	<u>\$ 6,243,389</u>	<u>\$ 6,123,988</u>
 Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 143,939	\$ 50,373
Accounts payable – related party	30,006	–
Notes payable	<u>106,210</u>	<u>–</u>
Total current liabilities	280,155	50,373
Long term liabilities		
Warrant liability	<u>999,820</u>	<u>1,024,208</u>
Total long term liabilities	999,820	1,024,208
Total liabilities	<u>1,279,975</u>	<u>1,074,581</u>
Stockholders' equity		
Preferred stock, \$.0001 par value, 5,000,000 shares authorized, none outstanding	–	–
Common stock - \$.0001 par value; 250,000,000 shares authorized, 136,091,400 and 119,858,700 issued and outstanding	13,609	11,986
Additional paid in capital	16,652,603	16,056,561
Accumulated deficit	<u>(11,702,798)</u>	<u>(11,019,140)</u>
Total stockholders' equity	4,963,414	5,049,407
Total liabilities and stockholders' equity	<u>\$ 6,243,389</u>	<u>\$ 6,123,988</u>

See accompanying notes to the financial statements.

ATHENA GOLD CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	Twelve Months Ended	
	12/31/22	12/31/21
Operating expenses		
Exploration, evaluation and project expenses	\$ 617,262	\$ 137,983
General and administrative expenses	682,512	614,478
Total operating expenses	1,299,774	752,461
Net operating loss	(1,299,774)	(752,461)
Interest expense	(463)	(12,192)
Gain on extinguishment of debt	–	3,880
Revaluation of warrant liability	616,579	(269,482)
Net loss	\$ (683,658)	\$ (1,030,255)
Weighted average common shares outstanding – basic and diluted	127,608,629	65,902,198
Loss per common share – basic and diluted	\$ (0.01)	\$ (0.02)

See accompanying notes to the financial statements.

ATHENA GOLD CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT

	<u>Common Stock</u>		<u>Additional Paid In Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>			
December 31, 2020	54,887,876	\$ 5,489	\$ 9,897,700	\$ (9,988,885)	\$ (85,696)
Conversion of management fees	2,144,444	214	96,286	-	96,500
Stock based compensation	-	-	158,389	-	158,389
Private placement	14,358,700	1,436	740,939	-	742,375
Warrant liability	-	-	(754,726)	-	(754,726)
Common stock issued for mineral property	45,000,000	4,500	5,845,500	-	5,850,000
Common stock issued for debt and accrued interest	3,467,680	347	72,473	-	72,820
Net loss	-	-	-	(1,030,255)	(1,030,255)
December 31, 2021	<u>119,858,700</u>	<u>\$ 11,986</u>	<u>\$ 16,056,561</u>	<u>\$(11,019,140)</u>	<u>\$ 5,049,407</u>
December 31, 2021	119,858,700	\$ 11,986	\$ 16,056,561	\$(11,019,140)	\$ 5,049,407
Stock based compensation	-	-	197,116	-	197,116
Shares issued for services	675,000	67	33,683	-	33,750
Private placement	15,057,700	1,506	922,484	-	923,990
Warrant liability	-	-	(592,191)	-	(592,191)
Common stock issued for mineral property	500,000	50	34,950	-	35,000
Net loss	-	-	-	(683,658)	(683,658)
December 31, 2022	<u>136,091,400</u>	<u>\$ 13,609</u>	<u>\$ 16,652,603</u>	<u>\$(11,702,798)</u>	<u>\$ 4,963,414</u>

See accompanying notes to the financial statements.

ATHENA GOLD CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Twelve Months Ended	
	12/31/22	12/31/21
Cash flows from operating activities		
Net loss	\$ (683,658)	\$ (1,030,255)
Adjustments to reconcile net loss to net cash used in operating activities		
Amortization of debt discount	–	7,324
Revaluation of warrant liability	(616,579)	269,482
Shares issued for services	33,750	–
Share based compensation	197,116	158,389
Gain on forgiveness of debt	–	(3,880)
Change in operating assets and liabilities:		
Prepaid expense	18,966	(51,166)
Accounts payable	93,566	(10,776)
Accounts payable – related party	30,006	–
Other liabilities	–	4,241
Net cash used in operating activities	(926,833)	(656,641)
Cash flows from investing activities		
Purchase of mineral properties	(29,214)	–
Net cash used in investing activities	(29,214)	–
Cash flows from financing activities		
Proceeds from private placement of stock	822,890	742,375
Proceeds from related parties	101,100	12,012
Payments to related parties	–	(33,910)
Payments on notes payable	(25,690)	–
Net cash provided by financing activities	898,300	720,477
Net increase in cash	(57,747)	63,836
Cash, beginning of period	72,822	8,986
Cash, end of period	\$ 15,075	\$ 72,822
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ –	\$ 627
Cash paid for income taxes	\$ –	\$ –
Noncash investing and financing activities		
Stock issued to payoff note payable	\$ 101,100	\$ 51,270
Common stock issued for mineral properties	\$ 35,000	\$ 5,850,000
Note payable for mineral property	\$ 131,900	\$ –
Conversion of management fee payable	\$ –	\$ 96,500
Warrant liability	\$ 592,191	\$ 754,726
Stock issued for accrued interest	\$ –	\$ 21,550

See accompanying notes to the financial statements.

ATHENA GOLD CORPORATION
NOTES TO FINANCIAL STATEMENTS

Note 1 – Nature of Business and Summary of Significant Accounting Policies

Nature of Operations

Athena Gold Corporation (“we,” “our,” “us,” or “Athena”) is engaged in the acquisition and exploration of mineral resources. We were incorporated in Delaware on December 23, 2003 and began our mining operations in 2010.

In December 2009, we formed and organized a wholly-owned subsidiary, Athena Minerals, Inc. (“Athena Minerals”) which owns and operates mining interests and property in California. On December 31, 2020 we sold the subsidiary to Mr. John Gibbs, a related party, in a non-cash exchange.

The Company’s properties do not have any reserves. The Company plans to conduct exploration programs on these properties with the objective of ascertaining whether any of its properties contain economic concentrations of precious and base metals that are prospective for mining.

Basis of Presentation

We prepared these financial statements in accordance with accounting principles generally accepted in the United States (“GAAP”).

Foreign Currency Translation

The Company is exposed to currency risk on transactions and balances in currencies other than the functional currency. The Company has not entered any contracts to manage foreign exchange risk.

The functional currency of the Company is the US dollar; therefore, the Company is exposed to currency risk from financial assets and liabilities denominated in Canadian dollars.

Recent Accounting Pronouncements

We do not expect the adoption of recently issued accounting pronouncements to have a significant impact on our results of operations, financial position or cash flow.

Liquidity and Going Concern

Our financial statements have been prepared on a going concern basis, which assumes that we will be able to meet our obligations and continue our operations during the next fiscal year. Asset realization values may be significantly different from carrying values as shown in our consolidated financial statements and do not give effect to adjustments that would be necessary to the carrying values of assets and liabilities should we be unable to continue as a going concern.

At December 31, 2022, we had not yet achieved profitable operations and we have accumulated losses of approximately \$11,700,000 since our inception. We expect to incur further losses in the development of our business, all of which raise substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern depends on our ability to generate future profits and/or to obtain the necessary financing to meet our obligations arising from normal business operations when they come due.

Cash

We consider all amounts on deposit with financial institutions and highly liquid investments with an original maturity of three months or less to be cash equivalents.

Mineral Rights - Unproven

We have determined that our mining rights meet the definition of mineral rights, as defined by accounting standards, and are tangible assets. As a result, our direct costs to acquire or lease mineral rights are initially capitalized as tangible assets. Mineral rights include costs associated with: leasing or acquiring patented and unpatented mining claims; leasing mining rights including lease signature bonuses, lease rental payments and advance minimum royalty payments; and options to purchase or lease mineral properties.

If we establish proven and probable reserves for a mineral property and establish that the mineral property can be economically developed, mineral rights will be amortized over the estimated useful life of the property following the commencement of commercial production or expensed if it is determined that the mineral property has no future economic value or if the property is sold or abandoned.

For mineral rights in which proven and probable reserves have not yet been established, we assess the carrying values for impairment at the end of each reporting period and whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

The net carrying value of our mineral rights represents the fair value at the time the mineral rights were acquired less accumulated depletion and any impairment losses. Proven and probable reserves have not been established for mineral rights as of December 31, 2022.

Impairment of Long-lived Assets

We continually monitor events and changes in circumstances that could indicate that our carrying amounts of long-lived assets, including mineral rights, may not be recoverable. When such events or changes in circumstances occur, we assess the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through their undiscounted expected future cash flows. If the future undiscounted cash flows are less than the carrying amount of these assets, we recognize an impairment loss based on the excess of the carrying amount over the fair value of the assets.

Exploration Costs

Mineral exploration costs are expensed as incurred. When it has been determined that it is economically feasible to extract minerals and the permitting process has been initiated, exploration costs incurred to further delineate and develop the property are considered pre-commercial production costs and will be capitalized and included as mine development costs in our consolidated balance sheets.

Stock-Based Compensation

Stock-based compensation is accounted for based on the requirements of the Share-Based Payment Topic of ASC 718 which requires recognition in the consolidated financial statements of the cost of employee and director services received in exchange for an award of equity instruments over the period the employee or director is required to perform the services in exchange for the award (presumptively, the vesting period). This ASC also requires measurement of the cost of employee and director services received in exchange for an award based on the grant-date fair value of the award.

The estimated fair value of each stock option as of the date of grant was calculated using the Black-Scholes pricing model. The Company estimates the volatility of its common stock at the date of grant based on Company stock price history. The Company determines the expected life based on the simplified method given that its own historical share option exercise experience does not provide a reasonable basis for estimating expected term. The Company uses the risk-free interest rate on the implied yield currently available on U.S. Treasury issues with an equivalent remaining term approximately equal to the expected life of the award. The Company has never paid any cash dividends on its common stock and does not anticipate paying any cash dividends in the foreseeable future. The shares of common stock subject to the stock-based compensation plan shall consist of unissued shares, treasury shares or previously issued shares held by any subsidiary of the Company, and such number of shares of common stock are reserved for such purpose.

Fair Value of Financial Instruments

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair value:

Level 1 - Valuation based on quoted market prices in active markets for identical assets and liabilities.

Level 2 - Valuation based on quoted market prices for similar assets and liabilities in active markets.

Level 3 - Valuation based on unobservable inputs that are supported by little or no market activity, therefore requiring management's best estimate of what market participants would use as fair value.

The fair value of cash, receivables and accounts payable approximates their carrying values due to their short term to maturity. The warrant liabilities are measured using level 3 inputs (Note 4).

Income Taxes

Income taxes are accounted for under the asset and liability method in accordance with ASC 740, "Income Taxes". Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial carrying amounts of existing assets and liabilities and their respective tax bases as well as operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the periods in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized

in income in the period that includes the enactment date. Deferred tax assets are reduced by a valuation allowance to the extent that the recoverability of the asset is unlikely to be recognized.

The Company reports a liability, if any, for unrecognized tax benefits resulting from uncertain tax positions taken, or expected to be taken, in an income tax return. The Company has elected to classify interest and penalties related to unrecognized income tax benefits, if and when required, as part of income tax expense in the statement of operations. No liability has been recorded for uncertain income tax positions, or related interest or penalties as of December 31, 2022, and December 31, 2021.

Net Loss per Common Share

The Company incurred net losses during the twelve months ended December 31, 2022, and 2021. At December 31, 2022 and 2021, potentially dilutive shares of common stock representing shares issuable on conversions of debt, options and warrants totaling 29,915,560 and 11,623,510, respectively, have been excluded from diluted net loss per common share because the impact of such inclusion would be anti-dilutive.

Note 2 – Mineral Rights - Excelsior Springs

Effective December 27, 2021 (“Effective Date”), the Company simultaneously executed and consummated a definitive Share Purchase Agreement (the “SPA”) with Nubian Resources, Ltd. (“Nubian”). The SPA was the result of a previously disclosed Option Agreement with Nubian dated as of December 11, 2020, as amended by First Amendment to Option Agreement dated November 10, 2021 (the “Option”). While the Option granted the Company the right to acquire up to a 100% interest in the mining claims comprising the Excelsior Springs Prospect (the “Property”) located in Esmeralda County, Nevada, the Company and Nubian agreed to restructure the transaction so that the Company purchased 100% of the issued and outstanding shares of common stock of Nubian Resources USA, Ltd (“Nubian USA”), a wholly-owned subsidiary of Nubian which held the Property. By purchasing 100% of Nubian USA, the Company effectively acquired the remaining 90% interest in the Property through the issuance of 45,000,000 shares, the Company having previously acquired a 10% interest in the Property in December 2020 with the issuance of 5,000,000 shares. The 50 million shares issued to Nubian were issued as “restricted securities” under the Securities Act of 1933, as amended (“Securities Act”).

The mineral property was valued at the December 31, 2021, the closing date for the SPA with a stock price of \$0.13, resulting in a fair value consideration of \$5,850,000 for the 45,000,000 shares issued. The transaction does not constitute a business combination in accordance with ASC 805, which defines a business as an integrated set of activities and assets capable of being conducted and managed for the purposes of providing a return to investors or other participants and that a business consists of inputs and processes applied to those inputs that have the ability to contribute to the creation of outputs. Management has determined that the acquired assets do not contain processes sufficient to constitute a business in accordance with ASC 805. The transaction represents the acquisition of assets in exchange for the assumption of liabilities and the issuance of share-based payments.

On June 9, 2022, the Company entered into an Acquisition Agreement (the “Agreement”) to purchase an undivided 100% interest in the Fortunatus and Prout patented lode mining claims in Esmeralda County, Nevada \$185,000. The Agreement was completed in July 2022 with the following terms:

- \$25,000 will be settled in cash (Paid July 2022)
- \$35,000 of the purchase price settled by the issuance of 500,000 shares of the Company’s common stock (Issued); and
- \$125,000 will be settled by a loan, repayable by the Company in quarterly installments of \$25,000, beginning November 13, 2022 (paid), and continuing until October 13, 2023, at which time the entire remaining unpaid principal balance will be payable. The balance due as of December 31, 2022 is \$100,000.

Note 3 – Convertible Note Payable

Effective April 1, 2015, the Company executed a convertible promissory note (the “Note”) in the principal amount of \$51,270 in favor of Clifford Neuman, the Company’s legal counsel, representing accrued and unpaid fees for past legal services. The Note was unsecured and accrues interest at the rate of 6% per annum, compounded quarterly, and is due on demand. The principal and accrued interest due under the Note may be converted, at the option of the holder, into shares of the Company’s common stock.

On April 24, 2020, the Company agreed to reduce the conversion price from \$0.0735 per share to \$0.0210 per share. All other terms of the Note remain unchanged, and therefore did not change the cash flows of the Note. The Company determined the transaction was considered an extinguishment because of the change in conversion price in which no gain or loss was recorded according to ASC 470-50. However, because the conversion price was reduced below the \$0.03 market value on the date of the change, a beneficial conversion feature resulted from the price reduction in the amount of \$21,973, which was accounted for as a discount to the debt and a corresponding increase in additional paid in capital. The debt discount is being amortized on a straight-line basis over one year to interest expense. A total of \$7,324 was amortized to interest expense during the twelve months ended December 31, 2021

On November 30, 2021, the Company received a notice of conversion of the Note with a principal balance of \$51,270 and a conversion price of \$0.021. On December 3, 2021, a total of 2,441,476 were issued. An additional 1,026,204 shares were issued for \$21,550 of accrued interest on the same Note, none in 2022.

Note 4 – Common Stock and Warrants

During August, September and October 2022, the Company completed the private placement of four tranches (August 12, 2022; August 31, 2022; September 14, 2022; October 28, 2022) in which we sold 8,807,700 units. Each unit was priced at C\$0.08 and consisted of one share of the Company's common stock and one stock purchase warrant granting the holder the right to purchase one additional share of common stock at a price of C\$0.12. The warrants expire 24 months from issue date. All securities issued in connection with the offering are subject to restrictions on resale in Canada and the United States pursuant to applicable securities laws and the policies of any applicable stock exchange. An additional 184,350 broker warrants were granted along with C\$14,748 to brokers as a placement fee. We realized total proceeds of C\$689,868 net of offering costs. In June 2022, the Company executed a promissory note with John Gibbs for \$26,100 at 6% that is payable on demand as part payment for mineral property in escrow. In September 2022, the Company issued 443,110 shares of common stock as a part of the private placement offering to settle \$26,100 of notes payable and \$463 of accrued interest to Mr. Gibbs.

The warrants have an exercise price in Canadian dollars while the Company's functional currency is US dollars. Therefore, in accordance with ASU 815 - Derivatives and Hedging, the warrants have a derivative liability value.

Tranche 1 – August 12, 2022:

The warrant liability had an initial value of \$129,812 based on 3,247,500 warrants issued. As of December 31, 2022, the warrant liability was valued at \$134,067, resulting in a loss on revaluation of warrant liability of \$4,255 based on the following assumptions:

Fair value assumptions – warrant liability:	8/12/22	12/31/22
Risk free interest rate	3.25%	4.41%
Expected term (years)	2.0	1.6
Expected volatility	132%	128%

Tranche 2 – August 31, 2022:

The warrant liability had an initial value of \$139,255 based on 2,300,000 warrants issued. As of December 31, 2022, the warrant liability was valued at \$95,351, resulting in a gain on revaluation of warrant liability of \$43,904 based on the following assumptions:

Fair value assumptions – warrant liability:	8/31/22	12/31/22
Risk free interest rate	3.45%	4.41%
Expected term (years)	2.0	1.7
Expected volatility	132%	126%

Tranche 3 – September 14, 2022:

The warrant liability had an initial value of \$100,656 based on 2,760,200 warrants issued. As of December 31, 2022, the warrant liability was valued at \$115,000, resulting in a loss on revaluation of warrant liability of \$14,344 based on the following assumptions:

Fair value assumptions – warrant liability:	9/14/22	12/31/22
Risk free interest rate	3.78%	4.41%
Expected term (years)	2.0	1.7
Expected volatility	134%	125%

Tranche 4 – October 28, 2022:

The warrant liability had an initial value of \$18,630 based on 500,000 warrants issued. As of December 31, 2022, the warrant liability was valued at \$21,266, resulting in a loss on revaluation of warrant liability of \$2,636 based on the following assumptions:

Fair value assumptions – warrant liability:	10/28/22	12/31/22
Risk free interest rate	4.41%	4.41%
Expected term (years)	2.0	1.8
Expected volatility	135%	124%

On June 9, 2022, the Company entered into an Acquisition Agreement (the “Agreement”) to purchase an undivided 100% interest in the Fortunatus and Prout patented lode mining claims in Esmeralda County, Nevada \$185,000. The Agreement was completed in July 2022 with the following terms:

- \$25,000 will be settled in cash (Paid July 2022)
- \$35,000 of the purchase price settled by the issuance of 500,000 shares of the Company’s common stock (Issued); and
- \$125,000 will be settled by a loan, repayable by the Company in quarterly installments of \$25,000, beginning November 13, 2022 (paid), and continuing until October 13, 2023, at which time the entire remaining unpaid principal balance will be payable.

In April 2022 the Company completed a private placement in which we sold 6,250,000 units. Each unit was priced at C\$0.08 and consisted of one share of the Company’s common stock and one stock purchase warrant granting the holder the right to purchase one additional share of common stock at a price of C\$0.15. The warrants expire April 13, 2025. All securities issued in connection with the offering are subject to restrictions on resale in Canada and the United States pursuant to applicable securities laws and the policies of any applicable stock exchange. An additional 70,000 broker warrants were granted to a Canadian broker as a placement fee. We realized total proceeds of \$394,082 net of offering costs. During March 2022, the Company executed two promissory notes with John Gibbs for \$50,000 and \$25,000 at 6% that is payable on demand. In April 2022, the Company issued 1,181,250 shares out of 3,375,000 shares of common stock in April 2022 at C\$.08 per share as a part of the private placement offering to settle \$75,000 of notes payable to Mr. Gibbs.

The warrants have an exercise price in Canadian dollars while the Company’s functional currency is US dollars. Therefore, in accordance with ASU 815 - Derivatives and Hedging, the warrants have a derivative liability value.

In April 2022, the warrant liability had an initial value of \$203,838. As of December 31, 2022, the warrant liability was valued at \$293,698, resulting in a loss on revaluation of warrant liability of \$89,860 based on the following assumptions:

Fair value assumptions – warrant liability:	4/13/22	12/31/22
Risk free interest rate	2.57%	4.41%
Expected term (years)	3.0	2.3
Expected volatility	184%	133%

During the twelve months ended December 31, 2021, we sold 14,358,700 shares of common stock in private placements realizing proceeds of \$742,375.

On September 30, 2021, the Company completed a private placement in which we sold 3,108,700 units. Each unit was priced at C\$0.08 and consisted of one share of the Company’s common stock and one stock purchase warrant granting the holder the right to purchase one additional share of common stock at a price of C\$0.15. The warrants expire May 31, 2024. All securities issued in connection with the offering are subject to restrictions on resale in Canada and the United States pursuant to applicable securities laws and the policies of any applicable stock exchange. An additional 91,000 broker warrants were granted to a Canadian broker as a placement fee. We realized total proceeds of \$190,552 net of offering costs.

The warrants have an exercise price in Canadian dollars while the Company’s functional currency is US dollars. Therefore, in accordance with ASU 815 - Derivatives and Hedging, the warrants have a derivative liability value.

At December 31, 2021, the warrant liability was valued at \$341,145. As of December 31, 2022, the warrant liability was valued at \$115,122, resulting in a gain on revaluation of warrant liability of \$226,023 based on the following assumptions:

Fair value assumptions – warrant liability:	9/30/21	12/31/21	12/31/22
Risk free interest rate	0.53%	0.97%	4.41%
Expected term (years)	2.7	2.4	1.4
Expected volatility	189%	191%	134%

On May 25, 2021, the Company completed a private placement in which we sold 6,250,000 units. Each unit was priced at C\$0.08 and consisted of one share of the Company’s common stock and one stock purchase warrant granting the holder the right to purchase one additional share of common stock at a price of C\$0.15. The warrants expire May 31, 2024. All securities issued in connection with the offering are subject to restrictions on resale in Canada and the United States pursuant to applicable securities laws and the policies of any applicable stock exchange. An additional 173,810 broker warrants were granted to a Canadian broker as a placement fee. We realized total proceeds of \$401,823 net of offering costs.

The warrants have an exercise price in Canadian dollars while the Company’s functional currency is US dollars. Therefore, in accordance with ASU 815 - Derivatives and Hedging, the warrants have a derivative liability value.

At December 31, 2021, the warrant liability was valued at \$683,063. As of December 31, 2022, the warrant liability was valued at \$225,316, resulting in a gain on revaluation of warrant liability of \$457,747 based on the following assumptions:

Fair value assumptions – warrant liability:	5/25/21	12/31/21	12/31/22
Risk free interest rate	0.30%	0.97%	4.41%
Expected term (years)	3.0	2.4	1.4
Expected volatility	180%	189%	132%

Total outstanding warrants of 24,935,560 as of December 31, 2022, were as follows:

	Warrants Issued						Total
Warrants issued	6,250,000	3,108,700	6,250,000	5,547,500	2,760,200	500,000	24,416,400
Broker warrants issued (1)	173,810	91,000	70,000	104,250	80,100	0	519,160
Issued date	May 21	Sep 21	Apr 22	Aug 22	Sep 22	Oct 22	
Expiration date	May 24	May 24	Apr 25	Aug 24	Sep 24	Oct 24	
Exercise price (Canadian \$)	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.12	\$ 0.12	\$ 0.12	
Balance at December 31, 2020	0	0	0	0	0	0	0
Exercised	0	0	0	0	0	0	0
Issued	6,423,810	3,199,700	0	0	0	0	9,623,510
Expired	0	0	0	0	0	0	0
Balance at December 31, 2021	6,423,810	3,199,700	0	0	0	0	9,623,510
Exercised	0	0	0	0	0	0	0
Issued	0	0	6,320,000	5,651,750	2,840,300	500,000	15,312,050
Expired	0	0	0	0	0	0	0
Balance at December 31, 2022	6,423,810	3,199,700	6,320,000	5,651,750	2,840,300	500,000	24,935,560

(1) Broker warrants expire 24 months from issue date

During the quarter ended March 31, 2021, we sold 5,000,000 shares of common stock in private placements to six individuals at a price of \$0.03 per share, realizing total proceeds of \$150,000. Of the 5,000,000 shares sold, 1,750,000 shares were issued on May 28, 2021.

On January 1, 2021 Mr. John Power, the Company's CEO/CFO agreed to convert accrued management fees totaling \$96,500. As a result, we issued 2,144,444 shares common stock at a price of \$0.045 per share, none in 2022.

Note 5 – Share Based Compensation

On October 12, 2022, the Company granted 2,250,000 options pursuant to the terms of the Company's Stock Option Plan. The options were issued to five individuals, the CEO, CFO, and three Directors of the Company. The Black Scholes option pricing model was used to estimate the aggregate fair value of the October 2022 options of \$106,109 as stock-based compensation with the following inputs:

Options	Exercise Price	Expected Life	Volatility	Risk Free Interest Rate
2,250,000	\$0.06	5.5 years	161.7%	4.1%

On August 24, 2022, the Company granted 730,000 options pursuant to the terms of the Company's Stock Option Plan. The Black Scholes option pricing model was used to estimate the aggregate fair value of the August 2022 options of \$43,456 as stock-based compensation with the following inputs:

Options	Exercise Price	Expected Life	Volatility	Risk Free Interest Rate
730,000	\$0.06	5.5 years	177.9%	3.2%

On March 22, 2021, the Company issued a total of 2,000,000 non-statutory stock options to four individuals, three of whom are Directors of the Company, the other an independent technical consultant that is helping design our 2021 exploration programs at Excelsior Spring. Upon vesting, each option is exercisable to purchase one share of common stock at a price of \$0.09 per share. The options vest 50% upon issuance, and 25% on each of the first and second anniversaries of the grant date.

We estimated the fair value of the options using the Black-Scholes option pricing model, which includes assumptions for expected dividends, expected share price volatility, risk-free interest rate, and expected life of the options. Our expected volatility assumption is

based on our historical weekly closing price of our stock over a period equivalent to the expected remaining life of the options. The total estimated fair value of the options utilized the following assumptions:

Expected volatility	211%
Expected life	3.4 years
Risk free interest rate	0.31%

The calculations resulted in the total fair value of the options issued to be \$190,202. We expense share-based compensation using the straight-line method over the vesting term of the award for our employees and directors and over the expected service term for our non-employee consultants. As such, a stock-based compensation charges totaling of \$47,551 and \$128,389 have been charged during the twelve months ended December 31, 2022, and December 31, 2021, respectively.

A summary of the stock options as of December 31, 2022, and changes during the periods are presented below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Balance at December 31, 2020	0	\$0.00	0	\$0
Exercised	0	0	0	0
Issued	2,000,000	0.09	4.2	0
Canceled	0	0	0	0
Balance at December 31, 2021	2,000,000	0.09	4.2	80,000
Exercised	0	0	0	0
Issued	2,980,000	0.06	10.0	0
Canceled	0	0	0	0
Balance at December 31, 2022	4,980,000	0.07	7.1	0
Options exercisable at December 31, 2022	4,480,000	0.07	7.6	0

Also, on March 22, 2021, the Company agreed to issue a total of 300,000 restricted stock units at a price of \$0.10 per share to the independent technical consultant helping design our 2021 exploration programs at Excelsior Springs. However, the shares shall not be issued until such time the individual either provides a written request or his termination date, whichever is sooner. The shares shall have no voting rights until issued. As such, we have recorded stock-based compensation in the amount of \$30,000.

Note 6 – Commitments and Contingencies

We are subject to various commitments and contingencies.

Note 7 – Related Party Transactions

Conflicts of Interests

Magellan Gold Corporation (“Magellan”) is a company under common control. Mr. John Gibbs is a significant shareholder in both Athena and Magellan. Athena and Magellan are both involved in the business of acquisition and exploration of mineral resources.

Silver Saddle Resources, LLC (“Silver Saddle”) is also a company under common control. Mr. Power and Mr. Gibbs are the owners and managing members of Silver Saddle. Athena and Silver Saddle are both involved in the business of acquisition and exploration of mineral resources.

There exists no arrangement or understanding with respect to the resolution of future conflicts of interest. The existence of common ownership and common management could result in significantly different operating results or financial position from those that could have resulted had Athena, Magellan and Silver Saddle been autonomous.

Management Fees

The Company is subject to a month-to-month management agreement with Mr. Power requiring a monthly payment of \$2,500 as consideration for the day-to-day management of Athena, \$30,000 was recorded as management fees and are included in general and administrative expenses in the accompanying consolidated statements of operations. Mr. Power submits expense reports for ordinary business expenses with a balance due as of December 31, 2022 of \$30,006.

On January 1, 2021, the Company agreed to convert the \$96,500 balance of management fees due Mr. Power into 2,144,444 shares of common stock at a price of \$0.045 per share.

Note Payable

During March 2022, the Company executed two promissory notes with John Gibbs for \$50,000 and \$25,000 at 6% that is payable on demand. In April 2022, the Company issued 1,181,250 shares out of 3,375,000 shares of common stock in April 2022 at C\$.08 per share as a part of the private placement offering to settle \$75,000 of notes payable to Mr. Gibbs, for total proceeds of C\$234,675.

In June 2022, the Company executed a promissory note with John Gibbs for \$26,100 at 6% that is payable on demand as part payment for mineral property in escrow. In September 2022, the Company issued 443,110 shares out of 860,200 shares of common stock in September 2022 at C\$.08 per share as a part of the private placement offering to settle \$26,100 of notes payable and \$463 of accrued interest to Mr. Gibbs, for total proceeds of C\$68,816.

Sales of Common Stock

On May 25, 2021, the Company sold 2,200,000 units in its private placement at a price of C\$0.08 to Mr. Gibbs, realizing net proceeds of \$144,848. During the same private placement, Mr. Power purchased 300,000 units realizing net proceeds of \$19,752.

On January 15, 2021, the Company sold 250,000 shares of common stock at a price of \$0.03 per share in a private placement to Mr. Gibbs, realizing total proceeds of \$7,500.

Note 8 – Income Taxes

The Company is current on all its corporate tax filings. Tax year 2022 will be extended if not filed by its due date. Tax returns filed for the years 2018 through 2021 are open for examination from taxing authorities.

Due to the enactment of the Tax Reform Act of 2018, the corporate tax rate for those tax years beginning with 2018 has been reduced to 21%. Our estimated net operating loss carry forward as of December 31, 2022, is \$6,755,942, which may be used to offset future income taxes. Our reconciliation between the expected federal income tax benefit computed by applying the federal statutory rate to our net loss and the actual benefit for taxes on net loss for 2022 and 2021 is as follows:

	Years Ended December 31,	
	2022	2021
Expected federal income tax benefit at statutory rate	\$ 224,568	\$ 216,354
State taxes	94,532	91,075
Change in valuation allowance	(319,100)	(307,429)
Income tax benefit	<u>\$ –</u>	<u>\$ –</u>

Our deferred tax assets as of December 31, 2022, and 2021 were as follows:

	Years Ended December 31,	
	2022	2021
Net operating loss	\$ 2,015,974	\$ 1,696,874
Valuation allowance	(2,015,974)	(1,696,874)
Deferred tax assets, net of valuation allowance	<u>\$ –</u>	<u>\$ –</u>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. We have provided a valuation allowance of 100% of our net deferred tax asset due to the uncertainty of generating future profits that would allow us to realize our deferred tax assets.

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carryover for Federal income tax reporting purposes may be subject to annual limitations. Should a change in ownership occur, use of the net operating loss carryover could be limited in future years.

Note 9 – Subsequent Events

On January 16, 2023, the Company granted 250,000 stock options to a consultant. The options vest 50% immediately and 50% one year from issuance, exercisable at C\$0.09 and expire in 5 years.

On January 21, 2023, the Company executed a note payable to John Gibbs for \$25,000 at 6% that is payable on demand.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this amended annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

ATHENA GOLD CORPORATION

Date: March 15, 2023

By: /s/ John C. Power
John C. Power
Chief Executive Officer, President,
Secretary & Director
(Principal Executive Officer)

Date: March 15, 2023

By: /s/ Tyler Minnick
Tyler Minnick
Chief Financial Officer
(Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
<u>/s/ John C. Power</u> John C. Power	Chief Executive Officer, President, Secretary & Director (Principal Executive Officer)	March 15, 2023
<u>/s/ Brian Power</u> Brian Power	Director	March 15, 2023
<u>/s/ John Hiner</u> John Hiner	Director	March 15, 2023
<u>/s/ Markus Janser</u> Markus Janser	Director	March 15, 2023
<u>/s/ Tyler Minnick</u> Tyler Minnick	Chief Financial Officer (Principal Accounting Officer)	March 15, 2023