

ATHENA SILVER CORP  
Form 10-K  
April 03, 2015

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-K**

**ANNUAL REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF  
1934**

**For the fiscal year ended December 31, 2014**

**TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number: 000-51808**

**ATHENA SILVER CORPORATION**

(Exact Name of Registrant as specified in its Charter)

**Delaware**

(State or other jurisdiction of incorporation or  
organization)

**2010A Harbison Drive # 312, Vacaville, CA**

(Address of principal executive offices)

**90-0775276**

(IRS Employer Identification number)

**95687**

(Zip Code)

Registrant's telephone number, including area code: **(707) 884-3766**

Securities registered under Section 12(b) of the Exchange Act: **None**

Securities registered under Section 12(g) of the Exchange Act: **Common Stock, \$.0001 par value**

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [  ] No [  ]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes [  ] No [  ]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [  ] No [  ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [  ] No [  ]

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes  No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: \$1,115,781 based upon the last sale price of \$0.0735 as reported on the OTC.QB effective March 20, 2015.

The number of shares outstanding of the registrant's common stock, as of March 31, 2015 is 36,202,320.

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933. The listed documents should be clearly described for identification purposes:

None.

## Forward-looking Statements

### In General

This Report contains statements that plan for or anticipate the future. In this Report, forward-looking statements are generally identified by the words "anticipate," "plan," "believe," "expect," "estimate," and the like.

The factors that could cause actual results to differ materially from those projected in the forward-looking statements include:

- \* the risk factors set forth below under Risk Factors ;
- \* our ability to raise additional financing necessary to conduct our business;
- \* our future business plans and strategies;
- \* changes that could result from future acquisition of new mining properties or businesses;
- \* our ability to commercially develop our mining interests.;
- \* risks and hazards inherent in the mining business, including environmental hazards, industrial accidents, weather or geologically related conditions;
- \* uncertainties inherent in our exploratory and developmental activities, including risks relating to permitting and regulatory delays;
- \* changes in the market prices of silver;
- \* uncertainties inherent in the estimation of silver ore reserves;
- \* effects of environmental and other governmental regulations; and
- \* the worldwide economic downturn and difficult conditions in the global capital and credit markets.

Readers are cautioned not to put undue reliance on forward-looking statements. We disclaim any intent or obligation to update publicly these forward-looking statements, whether as a result of new information, future events or otherwise.

In light of the significant uncertainties inherent in the forward-looking statements made in this Report, the inclusion of this information should not be regarded as a representation by us or any other person that our objectives and plans will be achieved.

3

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## PART I

### ITEM 1. DESCRIPTION OF BUSINESS

#### Overview

Athena Silver Corporation ( we, our, us, or Athena ) is an exploration stage company engaged in the acquisition and exploration of mineral resources. We were incorporated in Delaware on December 23, 2003, and we became an exploration stage company effective January 1, 2010. We have not presently determined whether our mineral properties contain mineral reserves that are economically recoverable.

In December 2009, we formed and organized a new wholly-owned subsidiary, Athena Minerals, Inc. ( Athena Minerals ) to take an assignment of a Sale and Purchase Agreement and Joint Escrow Instructions dated December 4, 2009 (the Purchase Agreement ). The Purchase Agreement granted us an option to purchase a 413 acre group of 20 patented mining claims (the Langtry Property ) located in the Calico Mining District at the base of the Calico Mountains northeast of Barstow, California.

In March 2010, we entered into a Mining Lease with Option to Purchase (the Langtry Lease or the Lease ) which superseded the Purchase Agreement and granted us a 20 year lease to develop and conduct mining operations on the Langtry Property, also with an option to purchase. Effective November 28, 2012, December 19, 2013, and January 21, 2015, we executed Amendments No. 1, 2 and 3, respectively, to the Langtry Lease modifying certain terms.

Going forward, our primary focus will be to continue our evaluation of the Langtry Property including the possible acquisition of additional mineral rights and additional exploration, development and permitting activities. Our mineral lease payments, permitting applications and exploration and development efforts will require additional capital.

#### Conflicts of Interests

Magellan Gold Corporation ( Magellan ) is a publicly-held company under common control. Mr. Power is our President, CEO and a director and is also President and director and of Magellan. Mr. Power and Mr. Gibbs are significant investors in both Athena and Magellan.

Silver Saddle Resources, LLC ( Silver Saddle ) is a private company under common control. Mr. Power and Mr. Gibbs are significant investors and managing members of Silver Saddle.



Athena, Magellan and Silver Saddle are exploration stage companies and each is involved in the business of acquisition and exploration of mineral resources.

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.

In addition, the common ownership could result in significant conflicts of interest both in terms of the allocation of working capital as well as under the doctrine of corporate opportunity, inasmuch as all three entities are engaged in mineral exploration in the United States. Messrs. Power and Gibbs have not adopted any policy or guidelines to mitigate the potential adverse effects of their conflicting interests between and among, Athena, Magellan and Silver Saddle.

Investors in Athena should be cognizant that the interests of Athena may, in the future, be in conflict with the other activities of Athena's control persons.

### **SUMMARY PROVISIONS OF THE LANGTRY LEASE**

In 2010, we entered into a 20 year Mining Lease with Option to Purchase (the Langtry Lease or the Lease) granting us the exclusive right to explore, develop and conduct mining operations on a group of 20 patented mining claims consisting of approximately 413 acres that comprise our Langtry Property. Effective November 28, 2012, December 19, 2013 and January 21, 2015, we executed Amendments No. 1, 2 and 3, respectively, to the Langtry Lease modifying certain terms.

Under Amendment No. 3 to the Lease, the Lessor was issued 200,000 shares of restricted Athena common stock as compensation for the modifications.

The following summarizes the current significant provisions of the Lease, as amended:

The Lease commenced March 15, 2010, and has a term of 20 years expiring March 15, 2030; with an option to extend an additional five years to 2035, and thereafter for so long as there is Commercial Silver Production, defined as at least 100,000 troy ounces of aggregate production per year.

The Lease requires us to pay annual cash lease rental payments, in arrears, of \$60,000 to \$100,000 on March 15th of each year during the first five years of the Lease.

The Lease requires us to pay annual cash lease rental payments, in arrears, of \$100,000 to \$200,000 (or the market price of 10,000 to 20,000 troy ounces of silver, whichever is higher (the Silver Price Link to Rent)) on March 15th of each year during the final 15 years of the Lease (i.e. 2016 through 2030).



Rent for the years 2016 through 2025 is capped at \$100,000 per year unless Commercial Silver Production has been achieved, in which case the Silver Price Link to Rent shall apply.

The annual cap on rent of \$100,000 shall be eliminated, and the Silver Price Link to Rent shall apply, for any year ending December 31 (for the following March 15 rent payment) in which the London Silver Fix is \$60 or more for the continuous six month period beginning July 1 and ending December 31.

The annual lease payment of \$100,000 due on March 15, 2015 will be payable \$30,000 in cash and \$70,000 deferred until 12 months after Commercial Silver Production is achieved.

The annual lease payment of \$100,000 due on March 15, 2016 will be payable \$40,000 in cash and \$60,000 deferred until 12 months after Commercial Silver Production is achieved.

We have the right to eliminate the Silver Price Link to Rent from 2020 through March 15, 2026 by making a one-time payment to the Lessor in an amount equal to the London Silver Fix price of 25,000 troy ounces of silver. The elimination of the Silver Price Link to Rent will be rescinded, however, if and when we achieve Commercial Silver Production.

The lessor is entitled to a net smelter royalty of 3% of mineral production beginning in the sixth year of the Lease.

Upon payment in full of both the Equity Consideration (which was completed in 2013), and Cash Consideration payments totaling \$1,750,000 (of which a total of \$250,000 was paid during 2012 and 2013), the Lessor's 3% net smelter royalty on production will be eliminated entirely. Any payments already made, or made in the future, towards the Cash Consideration will reduce the 3% net smelter production royalty to the Lessor on a pro-rata basis. The remaining optional Cash Consideration payments of \$250,000, \$250,000, \$500,000 and \$500,000 are due on January 15<sup>th</sup> of 2017, 2018, 2019 and 2020, respectively.

We shall have the option to purchase the Langtry patented claims during the period beginning January 15, 2015 and ending March 15, 2020 for \$10 million plus transaction costs upon 30 days written notice to the Lessor provided that all payments due to the lessor are current as of the date of the exercise of the option to purchase.

If we are in breach of the Lease, the Lessor will have the option to terminate the Lease by giving us 30 days written notice. The Lease also provides us with the right to terminate the Lease without penalty on March 15<sup>th</sup> of each year during the Lease term by giving the lessor 30 days written notice of termination on or before February 13<sup>th</sup> of each year.

The Langtry Property is also subject to a three percent (3%) net smelter royalty in favor of Mobil Exploration and Producing North America Inc. from the sale of concentrates, precipitates or metals produced from ores mined from the royalty acreage. In addition, there is an additional incremental 2% royalty on net smelter proceeds from silver sales above \$10.00 per troy ounce plus an additional incremental 2% royalty on net smelter proceeds from silver sales above \$15.00 per troy ounce.

During the term of the Lease, Athena Minerals has the exclusive right to develop and conduct mining operations on the Langtry Property. Future lease payments and/or exploration and development of this property will require additional equity and/or debt capital.

### **LANGTRY PROJECT CLAIMS**

In April, 2010, we staked nine unpatented mining lode claims and in October 2011, we staked an additional 13 unpatented mining lode claims all of which are located in Sections 7,8,9,16,17 & 18 of Township 10 North, Range 1 East, San Bernardino Base & Meridian on federal land managed by the Bureau of Land Management ( BLM ). These 22 unpatented claims are adjacent or in close proximity to our Langtry Property and together with the 20 patented Langtry Property claims comprise our Langtry Project. All of our unpatented claims are active and valid, subject to renewals. We have not undertaken any

exploration activity on our unpatented claims and they have no known reserves. Our annual renewal costs are \$155 per claim prior to September 1 of each year.

**BLM Serial No.**

**Claim Name**

CAMC296910

Clipper #1

CAMC296911

Clipper #2

CAMC296912

Clipper #3

CAMC296913

Clipper #4

CAMC296914

Clipper #5

CAMC296915

Hawaii Clipper

CAMC296916

California Clipper #2

CAMC296917

California Clipper #3

CAMC296918

California Clipper #4

CAMC300265

Clipper #12

CAMC300266

Clipper #13

CAMC300267

Clipper #14

CAMC300268

Clipper #15

CAMC300269

Clipper #16

CAMC300270

Clipper #17

CAMC300271

Clipper #18

CAMC300272

Clipper #19

CAMC300273

Clipper #20

CAMC300274

Clipper #21

CAMC300275

Clipper #22

CAMC300276

Clipper #23

CAMC300277

Clipper #24

On January 15, 2013, we over-staked an existing claim with the BLM, identified below, held by a third party that we believed was deficient in meeting the statutory requirements and therefore subject to overstaking.

CAMC0306178      Quad Duece XIII

**OTHER UNPATENTED MINING CLAIMS**

On November 15, 2010, we staked nine unpatented lode claims in San Bernardino County, California. The claims are located in Sections 7 and 18, Township 10 North, Range 2 West, San Bernardino Base & Meridian. The claims are adjacent to a historic silver/lead mine known as the Pedry Mine (the Pedry Claims ). There are no known reserves on these claims.

These claims were filed with the BLM on January 13, 2011 and have been renewed annually since then. Payments of \$155 for each claim are payable to the BLM prior to September 1 of each year to maintain the claims in good standing.

BLM Serial No.	Claim Name
CAMC298045	San Pasqual
CAMC298046	San Miguel
CAMC298047	Santa Anna
CAMC298048	San Bernardino
CAMC298049	San Gabriel
CAMC298050	San Luis Obispo
CAMC298051	Santa Clara
CAMC298052	Santa Coleta
CAMC298053	Santo Angel

On December 14, 2011, we staked and subsequently filed with the BLM, on March 13, 2012, four unpatented lode claims located in San Bernardino County, California. We have renewed the claims annually since then and an annual renewal fee of \$155 is payable to the BLM prior to September 1 of each year to maintain the claims. The claims are located in Sections 7 and 18, Township 10 North, Range 1 West and Sections 12 and 13, Township 10 North, Range 2 West, San Bernardino Base & Meridian. The claims are adjacent to a historic silver mine known as the Waterman Mine (the Waterman Claims ). There are no known reserves on these claims.

BLM Serial No.	Claim Name
CAMC302228	Silver Glance

CAMC302229	Front
CAMC302230	Omega East
CAMC302231	Alpha East

We are not presently planning any exploration activities on the Pedry or Waterman Claims and the claims are not considered a material property at this time.

### **SECTION 13 PROPERTY**

On May 22, 2012, we purchased 661 acres of land ( Section 13 Property ) in fee simple for \$135,684 cash, located in San Bernardino County, California, that was sold in a property tax auction conducted on behalf of the County. The parcel is all of Section 13 located in Township 7 North, Range 4 East, San Bernardino Base & Meridian.

The Section 13 property is near the Lava Beds Mining District and has evidence of historic mining. The property is located in the same regional geologic area known as the Western Mojave Block that includes our flagship Langtry Project. The property is approximately 28 miles southeast of our Langtry Project.

We do not intend to engage in any material exploration activities on the Section 13 property during the next twelve months.

### **CHIMNEY ROCK PROPERTY**

In May 2014, we purchased 160 acres of land located in the Calico Mining District, San Bernardino County, California. The parcel, is the SE quarter of Section 25, Township 10 North, Range 1 East and is mostly surrounded by public lands. It was purchased for approximately \$21,000 in a property tax auction conducted on behalf of the County.

We do not intend to engage in any material exploration activities on this property during the next twelve months.





## **Unpatented Mining Claims: The Mining Law of 1872**

Except for the Langtry Property, our mineral rights consist of leases covering "unpatented" mining claims created and maintained in accordance with the U.S. General Mining Law of 1872, or the General Mining Law. Unpatented mining claims are unique U.S. property interests, and are generally considered to be subject to greater title risk than other real property interests because the validity of unpatented mining claims is often uncertain. The validity of an unpatented mining claim, in terms of both its location and its maintenance, is dependent on strict compliance with a complex body of federal and state statutory and decisional law that supplement the General Mining Law. Also, unpatented mining claims and related rights, including rights to use the surface, are subject to possible challenges by third parties or contests by the federal government. In addition, there are few public records that definitively control the issues of validity and ownership of unpatented mining claims. We have not filed a patent application for any of our unpatented mining claims that are located on federal public lands in the United States and, under possible future legislation to change the General Mining Law, patents may be difficult to obtain.

Location of mining claims under the General Mining Law, is a self-initiation system under which a person physically stakes an unpatented mining claim on public land that is open to location, posts a location notice and monuments the boundaries of the claim in compliance with federal laws and regulations and with state location laws, and files notice of that location in the county records and with the BLM. Mining claims can be located on land as to which the surface was patented into private ownership under the Stockraising Homestead Act of 1916, 43 U.S.C. §299, but the mining claimant cannot injure, damage or destroy the surface owner's permanent improvements and must pay for damage to crops caused by prospecting. Discovery of a valuable mineral deposit, as defined under federal law, is essential to the validity of an unpatented mining claim and is required on each mining claim individually. The location is made as a lode claim for mineral deposits found as veins or rock in place, or as a placer claim for other deposits. While the maximum size and shape of lode claims and placer claims are established by statute, there are no limits on the number of claims one person may locate or own. The General Mining Law also contains provision for acquiring five-acre claims of non-mineral land for millsite purposes. A mining operation typically is comprised of many mining claims.

The holder of a valid unpatented mining claim has possessory title to the land covered thereby, which gives the claimant exclusive possession of the surface for mining purposes and the right to mine and remove minerals from the claim. Legal title to land encompassed by an unpatented mining claim remains in the United States, and the government can contest the validity of a mining claim. The General Mining Law requires the performance of annual assessment work for each claim, and subsequent to enactment of the Federal Land Policy and Management Act of 1976, 43 U.S.C. §1201 *et seq.*, mining claims are invalidated if evidence of assessment work is not timely filed with BLM. However, in 1993 Congress enacted a provision requiring payment of \$140 per year claim maintenance fee in lieu of performing assessment work, subject to an exception for small miners having less than 10 claims. No royalty is paid to the United States with respect to minerals mined and sold from a mining claim.

The General Mining Law provides a procedure for a qualified claimant to obtain a mineral patent (*i.e.*, fee simple title to the mining claim) under certain conditions. It has become much more difficult in recent years to obtain a patent. Beginning in 1994, Congress imposed a funding moratorium on the processing of mineral patent applications which had not reached a designated stage in the patent process at the time the moratorium went into effect. Additionally, Congress has considered several bills in recent years to repeal the General Mining Law or to amend it to provide for the payment of royalties to the United States and to eliminate or substantially limit the patent provisions of the law.

Mining claims are conveyed by deed, or leased by the claimant to the party seeking to develop the property. Such a deed or lease (or memorandum of it) needs to be recorded in the real property records of the county where the property is located, and evidence of such transfer needs to be filed with BLM. It is not unusual for the grantor or lessor to reserve a royalty, which as to precious metals often is expressed as a percentage of net smelter returns.

### **Patented Mining Claims**

Patented mining claims, such as our Langtry Property claims, are mining claims on federal lands that are held in fee simple by the owner. No maintenance fees or royalties are payable to the BLM; however lease payments and royalties are payable under the operative leases.

## **LOCATION, HISTORY AND GEOLOGY OF THE LANGTRY PROJECT**

### **Langtry Project:**

The Langtry Project covers approximately 882 acres and consists of 20 patented lode mining claims held under the Strachan Lease and 23 unpatented lode mining claims with the BLM.

### ***Location, Access and Composition***

The Langtry Project is located in the central part of the Mojave Desert of Southern California. It is situated along the western flank of the Calico Mountains, about 10 miles northeast of Barstow in San Bernardino County. Access is good with paved county roads within a mile of the project. A rail shipping point is about five miles to the south.

The property can be accessed from Barstow by traveling north on I-15 to the Fort Irwin Road exit and traveling approximately 5.4 miles to a 4WD dirt road that leads to the claims.

The following map shows the location of our Langtry Project claims:



### ***Power and Water***

Commercial power is available about 3 miles west of the Project.

A likely source of process water would be groundwater produced from an alluvial or regional aquifer. Based upon a hydrologic investigation of the Marine Corps Logistics Base, Nebo and Yermo Annexes, near Barstow, California, conducted by the U.S. Geological Survey (1997), such aquifers may exist in major washes associated with the Calico Mountains.<sup>1</sup>

We continue to investigate and evaluate but have not secured commercial sources of power or water yet.

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<sup>1</sup> The U.S. Geological Survey (1997) defined two main aquifer systems in the area of the Nebo and Yermo Annexes. The Mojave River aquifer is contained within the sand and gravel of the Mojave River alluvium, and the regional aquifer lies in the bordering alluvial-fan deposits and older alluvium.

### ***Geology***

The large tonnage, modest grade disseminated silver-barite mineralization at Langtry is hosted by the Barstow Formation, a brecciated sequence of Miocene age siltstones, sandstones, some thin bedded calcarenites, and water laid tuffs that were deposited in a shallow lake environment. These sediments are underlain by volcanic flows and breccias of primarily dacitic to andesitic composition (Pickhandle Formation). Both vein mineralization, hosted in the Pickhandle Formation, and the disseminated mineralization hosted in the overlying Barstow Formation are believed to have formed from a common event, with the host rock controlling the style of mineralization. The vein network generally parallels a regional zone of northwestern-trending faults that has acted as both a feeder for mineralization and has displaced it during periods of reactivation.

The disseminated silver mineralization, hosted in the brecciated Barstow Formation, consists of pervasive silicification with barite, grading with depth to quartz with lesser barite, minor hematite, calcite, and silver bearing sulfides, mostly acanthite with very fine grained native silver. Sphalerite and galena were identified from microscopy in grains typically smaller than 25 microns. Argentjarocite and cerargyrite are also reported locally. A separate event with magnetite and manganese oxide and silver mineralization is also known from the district.

The host rock type for the Langtry mineralization is the Miocene age Barstow formation. This is a sedimentary sequence of sandstone, mudstone, siltstone, and locally silty limestone.

The Langtry deposit is intersected by multiple faults. The most prominent is the Calico fault that is located along the southwest side of the mineralization. The fault is interpreted to be right lateral with displacement as much as several miles horizontally and several hundred feet vertically. There are numerous splay faults from the Calico of which at least two are interpreted to cross the Langtry deposit striking east to north east.

The northeastern boundary of the deposit is defined by an un-named fault that strikes more to the northwest than the Calico fault. This boundary fault occurs almost immediately at the toe of the mountains that lie immediately north of the Langtry Deposit. The north bounding fault and the Calico fault intersect at the east end of the Langtry Deposit.

Numerous silver bearing veins are hosted within the Barstow formation. These are often high grade when compared to the surrounding rock mass.

### ***History***

Early mining in the Calico District was most active during the period 1881 to 1896. During that time an estimated 20 million ounces of silver were mined by underground methods from veins, mostly in the Wall Street Canyon and Odessa Canyon areas, on the south end of the Calico Mountains, just north of the historic town of Calico. Calico is now a ghost town and California state park.

The earliest report on the Langtry Mines was published by the California State Mining Bureau (1896). The report states:

They [the Langtry Mines] are 5 miles west of Calico, and comprise a group of claims upon which considerable work has been done. The veins are fissures in tufa, and are the only veins in this district entitled to be called fissures. The

strike is E. and W. and the dip 80° N. The tufa lies in nearly horizontal beds. The main filling is baryta [barium hydroxide] and quartz containing chloride of silver, iron oxide, and carbonate of lead. Idle.T. N. Stebbins, of Daggett, owner.

Around 1967, the Superior Oil Company, Minerals Division, began exploration in the area of the old Langtry Mine. The Superior Oil program resulted in the discovery of a bulk minable disseminated silver deposit. The principal development work consisted of more than 200 drill holes, most drilled to depths of about 500 feet, surface trenches, and access roads. Most of the boreholes were rotary drilled, although some were core drilled. Rotary cuttings were collected on 5-ft or 10-ft intervals and assayed; core was assayed at approximately 10-ft intervals. The assay data for each hole were recorded by Superior Oil on Graphic Drill Logs, 198 of which are available with assays. Silver, in ounces per ton, was reported for every hole, even if it was reported as trace. Percent barite (BaSO<sub>4</sub>) was reported for many holes, and lead assays were reported for a limited number of holes. Laboratory reports for these data are not available.



At the behest of Superior Oil Company, the BLM prepared a Mineral Validity Report (BLM, 1974) evaluating Mineral Patent Application No. R-4645. The application was filed by Title Insurance and Trust Company, agent for Superior Oil Company, for 21 lode mining claims located in T.10 N., R. 1 E., Sections 6, 7, 8, and totaling 433.881 acres. The BLM verified drill sites on the individual claims; drilled twin holes; collected 62 check samples that were assayed by Skyline Labs, Inc. in Tucson, Arizona; correlated assay data for each claim; and excavated surface cuts and trenches to expose sample locations where the ore deposit cropped out near the surface.

Superior received a patent for 20 of the 21 claims applied for which comprise the claims now held under lease from Strachan by Athena.

### *Current State of Exploration and Development*

Our current focus is primarily on the exploration of our Langtry Property.

Athena conducted a 13-hole confirmation drilling program performed by us in January and February 2011. Our drilling program consisted of 10 vertical holes drilled to depths of between 350 to 575 for a total of 4,285 to test the results of a much larger historic drilling program conducted by Superior Oil Company; and three angle holes drilled to a depth of between 500 and 600 for a total of 1,700 were exploratory as they targeted veins near 19th century historic workings on the Property and were not intended to replicate any prior drill holes.

We are currently working with our consultants to develop additional exploration plans subject to available funding. Future work could include core drilling and metallurgical studies but no firm plans or budgets have been completed. Any proposed program would be exploratory in nature.

The Company does not have any proven or probable reserves as defined in Industry Guide 7 promulgated by the SEC.

Future lease payments and/or exploration and development of this property will require new equity and/or debt capital.

### **OUR EXPLORATION PROCESS**

Our exploration program is designed to acquire, explore and evaluate exploration properties in an economically efficient manner. We have not at this time identified or delineated any mineral reserves on any of our properties.

We expect our exploration work on a given property to proceed generally in three phases. Decisions about proceeding to each successive phase will take into consideration the completion of the previous phases and our analysis of the results of those phases.

The first phase is intended to determine whether a prospect warrants further exploration and involves:

- .  
researching the available geologic literature;
- .  
interviewing geologists, mining engineers and others familiar with the prospect sites;
- .  
conducting geologic mapping, geophysical testing and geochemical testing;
- .  
examining any existing workings, such as trenches, prospect pits, shafts or tunnels;
- .  
digging trenches that allow for an examination of surface vein structures as well as for efficient reclamation, re-contouring and re-seeding of disturbed areas; and,

.  
analyzing samples for minerals that are known to have occurred in the test area.

Subject to obtaining the necessary permits in a timely manner, the first phase can typically be completed on an individual property in several months at a cost of less than \$200,000.

The second phase is intended to identify any mineral deposits of potential economic importance and would involve:

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examining underground characteristics of mineralization that were previously identified;

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conducting more detailed geologic mapping;

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conducting more advanced geochemical and geophysical surveys;

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conducting more extensive trenching; and

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conducting exploratory drilling.

Subject to obtaining the necessary permits in a timely manner, the second phase can typically be completed on an individual property in nine to twelve months at a cost of less than \$1 million. None of our properties has reached the second phase.

The third phase is intended to precisely define depth, width, length, tonnage and value per ton of any deposit that has been identified and would involve:

.  
drilling to develop the mining site;

conducting metallurgical testing; and

obtaining other pertinent technical information required to define an ore reserve and complete a feasibility study.

Depending upon the nature of the particular deposit, the third phase on any one property could take one to five years or more and cost well in excess of \$1 million. None of our properties has reached the third phase.

We intend to explore and develop our properties ourselves, although our plans could change depending on the terms and availability of financing and the terms or merits of any joint venture proposals.

### SILVER PRICES

Our operating results are substantially dependent upon the world market prices of silver. We have no control over silver prices, which can fluctuate widely. The volatility of such prices is illustrated by the following table, which sets forth the high and low London Fix prices of silver (as reported by [www.kitco.com](http://www.kitco.com)) per ounce during the periods indicated:

	Year Ended December 31,							
	2014		2013		2012			
	High	Low	High	Low	High	Low	High	Low
Silver	\$ 22.05	\$ 15.28	\$ 32.23	\$ 18.61	\$ 37.23	\$ 26.67		

These historical prices are not indicative of future silver prices.

## MARKETING

All of our mining operations, if successful, will produce silver in doré form or a concentrate that contains silver.

We plan to market our refined metal and doré to credit worthy bullion trading houses, market makers and members of the London Bullion Market Association, industrial companies and sound financial institutions. The refined metals will be sold to end users for use in electronic circuitry, jewelry, silverware, and the pharmaceutical and technology industries. Generally, the loss of a single bullion trading counterparty would not adversely affect us due to the liquidity of the markets and the availability of alternative trading counterparties.

We plan to refine and market its precious metals doré and concentrates using a geographically diverse group of third party smelters and refiners. The loss of any one smelting and refining client may have a material adverse effect if alternate smelters and refiners are not available. We believe there is sufficient global capacity available to address the loss of any one smelter.

## GOVERNMENT REGULATION

### General

Our activities are and will be subject to extensive federal, state and local laws governing the protection of the environment, prospecting, mine development, production, taxes, labor standards, occupational health, mine safety, toxic substances and other matters. The costs associated with compliance with such regulatory requirements are substantial and possible future legislation and regulations could cause additional expense, capital expenditures, restrictions and delays in the development and continued operation of our properties, the extent of which cannot be predicted. In the context of environmental permitting, including the approval of reclamation plans, we must comply with known standards and regulations which may entail significant costs and delays. Although we are committed to environmental responsibility and believe we are in substantial compliance with applicable laws and regulations, amendments to current laws and regulations, more stringent implementation of these laws and regulations through judicial review or administrative action or the adoption of new laws could have a materially adverse effect upon our results of operations.

### Federal Environmental Laws

Certain mining wastes from extraction and beneficiation of ores are currently exempt from the extensive set of Environmental Protection Agency ( EPA ) regulations governing hazardous waste, although such wastes may be subject to regulation under state law as a solid or hazardous waste. The EPA has worked on a program to regulate these mining wastes pursuant to its solid waste management authority under the Resource Conservation and Recovery

Act ( RCRA ). Certain ore processing and other wastes are currently regulated as hazardous wastes by the EPA under RCRA. If our future mine wastes, if any, were treated as hazardous waste or such wastes resulted in operations being designated as a Superfund site under the Comprehensive Environmental Response, Compensation and Liability Act ( CERCLA or Superfund ) for cleanup, material expenditures would be required for the construction of additional waste disposal facilities or for other remediation expenditures. Under CERCLA, any present owner or operator of a Superfund site or an owner or operator at the time of its contamination generally may be held liable and may be forced to undertake remedial cleanup action or to pay for the government s cleanup efforts. Such owner or operator may also be liable to governmental entities for the cost of damages to natural resources, which may be substantial. Additional regulations or requirements may also be imposed upon our future tailings and waste disposal, if any, in Nevada under the Federal Clean Water Act ( CWA ) and state law counterparts. We have reviewed and considered current federal legislation relating to climate change and we do not believe it to have a material effect on our operations. Additional regulation or requirements

under any of these laws and regulations could have a materially adverse effect upon our results of operations.

### **EMPLOYEES AND CONSULTANTS**

We have only one part-time employee, Mr. Power, who devotes approximately 25% of his time and attention to our business. We have agreed to pay Mr. Power \$2,500 per month for his services.

We rely heavily on the services of consulting engineers and geologists.

## ITEM 1A RISK FACTORS.

*An investment in our securities is speculative and involves a high degree of risk. Please carefully consider the following risk factors, as well as the possibility of the loss of your entire investment, before deciding to invest in our securities.*

### ***Risks Related to our Business***

**Due to our history of operating losses our auditors are uncertain that we will be able to continue as a going concern.**

Our financial statements have been prepared assuming that we will continue as a going concern. Due to our continuing operating losses and negative cash flows from our operations, the reports of our auditors issued in connection with our financial statements for the years ended December 31, 2014 and 2013, contain explanatory paragraphs indicating that the foregoing matters raised substantial doubt about our ability to continue as a going concern. We cannot provide any assurance that we will be able to continue as a going concern

**We have no history of or experience in mineral production.**

We have no history of or experience in producing silver or other metals. The development of our Langtry Project would require the construction and operation of mines, processing plants, and related infrastructure. As a result, we would be subject to all of the risks associated with establishing a new mining operation and business enterprise. We may never successfully establish mining operations, and any such operations may not achieve profitability.

**Our principal shareholders and control persons are also principal shareholders and control persons of Magellan and Silver Saddle, which could result in conflicts with the interests of minority stockholders.**

Messrs. Gibbs and Power are control persons and principal shareholders of Athena, Magellan and Silver Saddle. Athena, Magellan and Silver Saddle are engaged in mineral exploration activities, although in different geographical regions. While the geographical focus of the companies is different, numerous conflicts could arise in the future. For example, Messrs. Gibbs and Power have provided the majority of working capital for all three companies to date, and in the likely event that these companies require additional capital in the future, their resources may be inadequate to finance the activities of all. In addition, if new prospects become available, a conflict may exist with respect to which company to offer those opportunities. Messrs. Gibbs and Power have not developed a conflict of interest policy to mitigate the potential adverse effects of these conflicts and as a result these conflicts represent a significant risk to the shareholders of the Company. Conflicts for access to limited resources and opportunities cannot be eliminated completely, and investors should be aware of their potential.



**Our principal executive officer intends to devote only a limited amount of his time and attention to our business.**

Mr. Power is the principal executive officer of both Athena and Magellan. He anticipates that he will only devote approximately 25% of his time and attention to our business. This limited focus could result in significant delays in our exploration and development activities and ability to generate revenues and profits, if any, in the future.

**We have no proven or probable reserves.**

We are currently in the exploration stage and have no proven or probable reserves, as those terms are defined by the SEC, on any of our properties including the Langtry Project. The mineralized material identified to date in respect of the Langtry Project has not demonstrated economic viability and we cannot provide any assurance that mineral reserves with economic viability will be identified on that property.

In order to demonstrate the existence of proven or probable reserves under SEC guidelines, it would be necessary for us to advance the exploration of our Langtry Project by significant additional delineation drilling to demonstrate the existence of sufficient mineralized material with satisfactory continuity which would provide the basis for a feasibility study which would demonstrate with reasonable certainty that the mineralized material can be economically extracted and produced. We do not have sufficient data to support a feasibility study with regard to the Langtry Project, and in order to perform the drill work to support such feasibility study, we must obtain the necessary permits and funds to continue our exploration efforts. It is possible that, even after we have obtained sufficient geologic data to support a feasibility study on the Langtry Project, such study will conclude that none of the identified mineral deposits can be economically and legally extracted or produced. If we cannot adequately confirm or discover any mineral reserves of precious metals on the Langtry Property, we may not be able to generate any revenues. Even if we discover mineral reserves on the Langtry Property in the future that can be economically developed, the initial capital costs associated with development and production of any reserves found is such that we might not be profitable for a significant time after the initiation of any development or production. The commercial viability of a mineral deposit once discovered is dependent on a number of factors beyond our control, including particular attributes of the deposit such as size, grade and proximity to infrastructure, as well as metal prices. In addition, development of a project as significant as Langtry will likely require significant debt financing, the terms of which could contribute to a delay of profitability.

**The exploration of mineral properties is highly speculative in nature, involves substantial expenditures and is frequently non-productive.**

Mineral exploration is highly speculative in nature and is frequently non-productive. Substantial expenditures are required to:

- establish ore reserves through drilling and metallurgical and other testing techniques;
- determine metal content and metallurgical recovery processes to extract metal from the ore; and,
- design mining and processing facilities.

If we discover ore at the Langtry Project, we expect that it would be several additional years from the initial phases of exploration until production is possible. During this time, the economic feasibility of production could change. As a result of these uncertainties, there can be no assurance that our exploration programs will result in proven and

probable reserves in sufficient quantities to justify commercial operations at the Langtry Project.

**Even if our exploration efforts at Langtry are successful, we may not be able to raise the funds necessary to develop the Langtry Project.**

If our exploration efforts at Langtry are successful, our current estimates indicate that we would be required to raise at least \$50 million in external financing to develop and construct the Langtry Project. Sources of external financing could include bank borrowings and debt and equity offerings, but financing has become significantly more difficult to obtain in the current market environment. The failure to obtain financing would have a material adverse effect on our growth strategy and our results of operations and financial condition. There can be no assurance that we will commence production at Langtry or generate

sufficient revenues to meet our obligations as they become due or obtain necessary financing on acceptable terms, if at all, and we may not be able to secure the financing necessary to begin or sustain production at the Langtry Project. In addition, should we incur significant losses in future periods, we may be unable to continue as a going concern, and we may not be able to realize our assets and settle our liabilities in the normal course of business at amounts reflected in our financial statements included or incorporated by reference in this Form 10-K.

**We may not be able to obtain permits required for development of the Langtry Project.**

In the ordinary course of business, mining companies are required to seek governmental permits for expansion of existing operations or for the commencement of new operations. We will be required to obtain numerous permits for our Langtry Project. Obtaining the necessary governmental permits is a complex and time-consuming process involving numerous jurisdictions and often involving public hearings and costly undertakings. Our efforts to develop the Property may also be opposed by environmental groups. In addition, mining projects require the evaluation of environmental impacts for air, water, vegetation, wildlife, cultural, historical, geological, geotechnical, geochemical, soil and socioeconomic conditions. An Environmental Impact Statement would be required before we could commence mine development or mining activities. Baseline environmental conditions are the basis on which direct and indirect impacts of the Langtry Project are evaluated and based on which potential mitigation measures would be proposed. If the Langtry Project were found to significantly adversely impact the baseline conditions, we could incur significant additional costs to avoid or mitigate the adverse impact, and delays in the Langtry Project could result.

Permits would also be required for, among other things, storm-water discharge; air quality; wetland disturbance; dam safety (for water storage and/or tailing storage); septic and sewage; and water rights appropriation. In addition, compliance must be demonstrated with the Endangered Species Act and the National Historical Preservation Act.

**The mining industry is intensely competitive.**

The mining industry is intensely competitive. We may be at a competitive disadvantage because we must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than we do. Increased competition could adversely affect our ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future. We may also encounter increasing competition from other mining companies in our efforts to locate acquisition targets, hire experienced mining professionals and acquire exploration resources.

**Our future success is subject to risks inherent in the mining industry.**

Our future mining operations, if any, would be subject to all of the hazards and risks normally incident to developing and operating mining properties. These risks include:

insufficient ore reserves;

fluctuations in metal prices and increase in production costs that may make mining of reserves uneconomic;

significant environmental and other regulatory restrictions;

labor disputes; geological problems;

failure of underground stopes and/or surface dams;

force majeure events; and

the risk of injury to persons, property or the environment.

**Our future profitability will be affected by changes in the prices of metals.**

If we establish reserves, complete a favorable feasibility study for the Langtry Project, and complete development of a mine, our profitability and long-term viability will depend, in large part, on the market price of silver. The market prices for metals are volatile and are affected by numerous factors beyond our control, including:

- global or regional consumption patterns;
- supply of, and demand for, silver and other metals;
- speculative activities;
- expectations for inflation; and
- political and economic conditions.

The aggregate effect of these factors on metals prices is impossible for us to predict. Decreases in metals prices could adversely affect our ability to finance the exploration and development of our properties, which would have a material adverse effect on our financial condition and results of operations and cash flows. There can be no assurance that metals prices will not decline. As reported on the website [www.kitco.com](http://www.kitco.com), during the three-year period ended December 31, 2014, the high and low settlement prices for silver were \$37.23 and \$15.28 per ounce, respectively.

**The market price of silver is volatile. Low silver prices could result in decreased revenues, decreased net income or increased losses and decreased cash flows, and may negatively affect our business.**

Silver is a commodity. Its price fluctuates, and is affected by many factors beyond our control, including interest rates, expectations regarding inflation, speculation, currency values, governmental decisions regarding the disposal of precious metals stockpiles, global and regional demand and production, political and economic conditions and other factors.

The price of silver may decline in the future. Factors that are generally understood to contribute to a decline in the price of silver include sales by private and government holders, and a general global economic slowdown. If the price of silver is depressed for a sustained period and our net losses continue, we may be forced to suspend operations until the prices increase, and to record asset impairment write-downs. Any continued or increased net losses or asset impairment write-downs would adversely affect our financial condition and results of operations

**We might be unable to raise additional financing necessary to complete capital needs, conduct our business and make payments when due.**

We will need to raise additional funds in order to meet capital needs and implement our business plan. Any required additional financing might not be available on commercially reasonable terms, or at all. If we raise additional funds by issuing equity securities, holders of our common stock could experience significant dilution of their ownership interest, and these securities could have rights senior to those of the holders of our common stock.

**Mineral exploration and development inherently involves significant and irreducible financial risks. We may suffer from the failure to find and develop profitable mines.**

The exploration for and development of mineral deposits involves significant financial risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Unprofitable efforts may result from the failure to discover mineral deposits. Even if mineral deposits are found, such deposits may

be insufficient in quantity and quality to return a profit from production, or it may take a number of years until production is possible, during which time the economic viability of the Project may change. Few properties which are explored are ultimately developed into producing mines. Mining companies rely on consultants and others for exploration, development, construction and operating expertise.

Substantial expenditures are required to establish ore reserves, extract metals from ores and, in the case of new properties, to construct mining and processing facilities. The economic feasibility of any development project is based upon, among other things, estimates of the size and grade of ore reserves, proximity to infrastructures and other resources (such as water and power), metallurgical recoveries, production rates and capital and operating costs of such development projects, and metals prices. Development projects are also subject to the completion of favorable feasibility studies, issuance and maintenance of necessary permits and receipt of adequate financing.

Once a mineral deposit is developed, whether it will be commercially viable depends on a number of factors, including: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; government regulations including taxes, royalties and land tenure; land use, importing and exporting of minerals and environmental protection; and mineral prices. Factors that affect adequacy of infrastructure include: reliability of roads, bridges, power sources and water supply; unusual or infrequent weather phenomena; sabotage; and government or other interference in the maintenance or provision of such infrastructure. All of these factors are highly cyclical. The exact effect of these factors cannot be accurately predicted, but the combination may result in not receiving an adequate return on invested capital.

**Significant investment risks and operational costs are associated with our exploration, development and mining activities. These risks and costs may result in lower economic returns and may adversely affect our business.**

Mineral exploration, particularly for silver, involves many risks and is frequently unproductive. If mineralization is discovered, it may take a number of years until production is possible, during which time the economic viability of the Project may change.

Development projects may have no operating history upon which to base estimates of future operating costs and capital requirements. Development project items such as estimates of reserves, metal recoveries and cash operating costs are to a large extent based upon the interpretation of geologic data, obtained from a limited number of drill holes and other sampling techniques, and feasibility studies. Estimates of cash operating costs are then derived based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates of metals from the ore, comparable facility and equipment costs, anticipated climate conditions and other factors. As a result, actual cash operating costs and economic returns of any and all development projects may materially differ from the costs and returns estimated, and accordingly, our financial condition and results of operations may be negatively affected.



**The estimation of ore reserves is imprecise and depends upon subjective factors. Estimated ore reserves may not be realized in actual production. Our operating results may be negatively affected by inaccurate estimates.**

If, in the future, we present estimates of ore reserve figures in our public filings, those figures may be estimated by our technical personnel. Reserve estimates are a function of geological and engineering analyses that require us to make assumptions about production costs and silver market prices. Reserve estimation is an imprecise and subjective process. The accuracy of such estimates is a function of the quality of available data and of engineering and geological interpretation, judgment and experience.

Assumptions about silver market prices are subject to great uncertainty as those prices have fluctuated widely in the past. Declines in the market prices of silver may render future potential reserves containing relatively lower grades of ore uneconomic to exploit, and we may be required to reduce reserve estimates, discontinue development or mining at one or more of our properties, or write down assets as impaired. Should we encounter mineralization or geologic formations at any of our projects different from those we predicted, we may adjust our reserve estimates and alter our mining plans. Either of these alternatives may adversely affect our actual future production and operating results.

**The estimation of the ultimate recovery of metals contained within a heap leach pad inventory is inherently inaccurate and subjective and requires the use of estimation techniques. Actual recoveries can be expected to vary from estimations.**

We expect to use the heap leach process to extract silver from ore. The heap leach process is a process of extracting silver by placing ore on an impermeable pad and applying a diluted cyanide solution that dissolves a portion of the contained silver, which is then recovered in metallurgical processes.

We will use several integrated steps in the process of extracting silver to estimate the metal content of ore placed on the leach pads. Although we will refine our estimates as appropriate at each step in the process, the final amounts are not determined until a third-party smelter converts the doré and determines final ounces of silver available for sale. We will then review this end result and reconcile it to the estimates we developed and used throughout the production process. Based on this review, we may adjust our estimation procedures when appropriate. As a result, actual recoveries can vary from estimates, and the amount of the variation could be significant and could have a material adverse impact on our financial condition and results of operations.

**Silver mining involves significant production and operational risks. We may suffer from the failure to efficiently operate our mining projects.**

Silver mining involves significant degrees of risk, including those related to mineral exploration success, unexpected geological or mining conditions, the development of new deposits, climatic conditions, equipment and/or service failures, compliance with current or new governmental requirements, current availability of or delays in installing and commissioning plant and equipment, import or customs delays and other general operating risks. Problems may also arise due to the quality or failure of locally obtained equipment or interruptions to services (such as power, water, fuel or transport or processing capacity) or technical support, which results in the failure to achieve expected target dates for exploration or production activities and/or result in a requirement for greater expenditure. The right to develop silver reserves may depend on obtaining certain licenses and quotas, the granting of which may be at the discretion of the relevant regulatory authorities. There may be delays in obtaining such licenses and quotas, leading to our results of operations being adversely affected, and it is possible that from time to time mining licenses may be refused.

**There will be significant hazards associated with our mining activities, some of which may not be fully covered by insurance. To the extent we must pay the costs associated with such risks, our business may be negatively**

**affected.**

The mining business is subject to risks and hazards, including environmental hazards, industrial accidents, the encountering of unusual or unexpected geological formations, cave-ins, flooding, earthquakes and periodic interruptions due to inclement or hazardous weather conditions. These occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, reduced production and delays in mining, asset write-downs, monetary losses and possible legal liability. Insurance fully covering many environmental risks (including potential liability for

22

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pollution or other hazards as a result of disposal of waste products occurring from exploration and production) is not generally available to us or to other companies in the industry. Although we maintain insurance in an amount that we consider to be adequate, liabilities might exceed policy limits, in which event we could incur significant costs that could adversely affect our financial condition, results of operation and liquidity.

**We are subject to significant governmental regulations.**

Our operations and exploration and development activities are subject to extensive federal, state, and local laws and regulations governing various matters, including:

environmental protection;

management and use of toxic substances and explosives;

management of natural resources;

exploration and development of mines, production and post-closure reclamation;

taxation;

labor standards and occupational health and safety, including mine safety; and

historic and cultural preservation.

Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory or judicial authorities enjoining or curtailing operations or requiring corrective measures, installation of additional equipment or remedial actions, any of which could result in us incurring significant expenditures. We may also be required to compensate private parties suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. It is also possible that future laws and regulations, or a more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspensions of any future operations and delays in the exploration of our properties.

**Changes in mining or environmental laws could increase costs and impair our ability to develop our properties.**

From time to time the U.S. Congress may consider revisions in its mining and environmental laws. It remains unclear to what extent new legislation may affect existing mining claims. The effect of any such revisions on our operations cannot be determined conclusively until such revision is enacted; however, such legislation could materially increase costs on properties located on federal lands, such as ours, and such revision could also impair our ability to develop

the Langtry Project and to explore and develop other mineral projects.

**Compliance with environmental regulations and litigation based on environmental regulations could require significant expenditures.**

Mining exploration and mining are subject to the potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Insurance against environmental risk (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) is not generally available to us (or to other companies in the minerals industry) at a reasonable price.

Environmental regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more

stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees.

To the extent we are subject to environmental liabilities, the settlement of such liabilities or the costs that we may incur to remedy environmental pollution would reduce funds otherwise available to us and could have a material adverse effect on our financial condition and results of operations. If we are unable to fully remedy an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The environmental standards that may ultimately be imposed at a mine site impact the cost of remediation and may exceed the financial accruals that have been made for such remediation. The potential exposure may be significant and could have a material adverse effect on our financial condition and results of operations.

Moreover, governmental authorities and private parties may bring lawsuits based upon damage to property and injury to persons resulting from the environmental, health and safety impacts of our operations, which could lead to the imposition of substantial fines, remediation costs, penalties and other civil and criminal sanctions. Substantial costs and liabilities, including for restoring the environment after the closure of mines, are inherent in our proposed operations

Some mining wastes are currently exempt to a limited extent from the extensive set of federal Environmental Protection Agency ( EPA ) regulations governing hazardous waste under the Resource Conservation and Recovery Act ( RCRA ). If the EPA designates these wastes as hazardous under RCRA, we may be required to expend additional amounts on the handling of such wastes and to make significant expenditures to construct hazardous waste disposal facilities. In addition, if any of these wastes causes contamination in or damage to the environment at a mining facility, such facility may be designated as a Superfund site under the Comprehensive Environmental Response, Compensation and Liability Act ( CERCLA ). Under CERCLA, any owner or operator of a Superfund site since the time of its contamination may be held liable and may be forced to undertake extensive remedial cleanup action or to pay for the government s cleanup efforts. Such owner or operator may also be liable to governmental entities for the cost of damages to natural resources, which may be substantial. Additional regulations or requirements are also imposed under the federal Clean Water Act ( CWA ). The Company considers the current proposed federal legislation relating to climate change and its potential enactment may have future impacts to the Company s operations in the United States.

In addition, there are numerous legislative and regulatory proposals related to climate change, including legislation pending in the U.S. Congress to require reductions in greenhouse gas emissions. The Company has reviewed and considered current federal legislation relating to climate change and does not believe it to have a material effect on its operations, however, additional regulation or requirements under any of these laws and regulations could have a materially adverse effect upon the Company and its results of operations.

**Compliance with CERCLA, the CWA and state environmental laws could entail significant costs, which could have a material adverse effect on our operations.**

In the context of environmental permits, including the approval of reclamation plans, we must comply with standards and regulations which entail significant costs and can entail significant delays. Such costs and delays could have a dramatic impact on our operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect our operations. We intend to fully comply with all applicable environmental regulations.

We are required to obtain government permits to begin new operations. The acquisition of such permits can be materially impacted by third party litigation seeking to prevent the issuance of such permits. The

costs and delays associated with such approvals could affect our operations, reduce our revenues, and negatively affect our business as a whole.

Mining companies are required to seek governmental permits for the commencement of new operations. Obtaining the necessary governmental permits is a complex and time-consuming process involving numerous jurisdictions and often involving public hearings and costly undertakings. The duration and success of permitting efforts are contingent on many factors that are out of our control. The governmental approval process may increase costs and cause delays depending on the nature of the activity to be permitted, and could cause us to not proceed with the development of a mine. Accordingly, this approval process could harm our results of operations.

**Any of our future acquisitions may result in significant risks, which may adversely affect our business.**

An important element of our business strategy is the opportunistic acquisition of silver mines, properties and businesses or interests therein. While it is our practice to engage independent mining consultants to assist in evaluating and making acquisitions, any mining properties or interests therein we may acquire may not be developed profitably or, if profitable when acquired, that profitability might not be sustained. In connection with any future acquisitions, we may incur indebtedness or issue equity securities, resulting in increased interest expense, or dilution of the percentage ownership of existing shareholders. We cannot predict the impact of future acquisitions on the price of our business or our common stock. Unprofitable acquisitions, or additional indebtedness or issuances of securities in connection with such acquisitions, may impact the price of our common stock and negatively affect our results of operations.

We are continuously considering possible acquisitions of additional mining properties or interests therein that are located in other countries, and could be exposed to significant risks associated with any such acquisitions.

In the ordinary course of our business, we are continuously considering the possible acquisition of additional significant mining properties or interests therein that may be located in countries other than those in which we now have interests. Consequently, in addition to the risks inherent in the valuation and acquisition of such mining properties, as well as the subsequent development, operation or ownership thereof, we could be subject to additional risks in such countries as a result of governmental policies, economic instability, currency value fluctuations and other risks associated with the development, operation or ownership of mining properties or interests therein. Such risks could adversely affect our results of operations.

**Our ability to find and acquire new mineral properties is uncertain. Accordingly, our prospects are uncertain for the future growth of our business.**



Because mines have limited lives based on proven and probable ore reserves, we expect we will be continually seeking to replace and expand any future ore reserves. Identifying promising mining properties is difficult and speculative. Furthermore, we encounter strong competition from other mining companies in connection with the acquisition of properties producing or capable of producing silver. Many of these companies have greater financial resources than we do. Consequently, we may be unable to replace and expand future ore reserves through the acquisition of new mining properties or interests therein on terms we consider acceptable. As a result, our future revenues from the sale of silver may decline, resulting in lower income and reduced growth.

**Current economic conditions and in the global economy generally, including ongoing disruptions in the debt and equity capital markets, may adversely affect our business and results of operations, and our ability to obtain financing.**

The global economy has undergone a slowdown, which some observers view as a deepening recession, and the future economic environment may continue to be less favorable than that of recent years. The mining industry has experienced and may continue to experience significant downturns in connection with, or in anticipation of, declines in general economic conditions. We are unable to predict the likely duration and severity of the current disruptions in debt and equity capital markets and adverse economic conditions in the United States and other countries, which may continue to have an adverse effect on our business and results of operations.

The global stock and credit markets have recently experienced significant price volatility, dislocations and liquidity disruptions, which have caused market prices of many stocks to fluctuate substantially and the spreads on prospective and outstanding debt financings to widen considerably. These circumstances have materially impacted liquidity in the financial markets, making terms for certain financings materially less attractive, and in certain cases have resulted in the unavailability of certain types of financing. This volatility and illiquidity has negatively affected a broad range of mortgage and asset-backed and other fixed income securities. As a result, the market for fixed income securities has experienced decreased liquidity, increased price volatility, credit downgrade events, and increased defaults. Global equity markets have also been experiencing heightened volatility and turmoil, with issuers exposed to the credit markets particularly affected. These factors and the continuing market disruption have an adverse effect on us, in part because we, like many companies, from time to time may need to raise capital in debt and equity capital markets including in the asset-backed securities markets.

In addition, continued uncertainty in the stock and credit markets may negatively affect our ability to access additional short-term and long-term financing, including future securitization transactions, on reasonable terms or at all, which would negatively impact our liquidity and financial condition. In addition, if one or more of the financial institutions that support our future credit facilities fails, we may not be able to find a replacement, which would negatively impact our ability to borrow under the credit facilities. These disruptions in the financial markets also may adversely affect our credit rating and the market value of our common stock. If the current pressures on credit continue or worsen, we may not be able to refinance, if necessary, our outstanding debt when due, which could have a material adverse effect on our business. While we believe we will have adequate sources of liquidity to meet our anticipated requirements for working capital, debt servicing and capital expenditures for the foreseeable future if our operating results worsen significantly and our cash flow or capital resources prove inadequate, or if interest rates increase significantly, we could face liquidity problems that could materially and adversely affect our results of operations and financial condition.

**If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. As a result, current and potential shareholders could lose confidence in our financial reporting. This would harm our business and the trading price of our stock.**

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. If we cannot provide financial reports or prevent fraud, our business reputation and operating results could be harmed. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock.

*Risks Related to Our Stock*

**Future issuances of our common stock could dilute current shareholders and adversely affect the market if it develops.**

We have the authority to issue up to 100 million shares of common stock and 5 million shares of preferred stock and to issue options and warrants to purchase shares of our common stock, without shareholder approval. Future share issuances are likely due to our need to raise additional working capital in the future. Those future issuances will likely result in dilution to our shareholders. In addition, we could issue large blocks of our common stock to fend off unwanted tender offers or hostile takeovers without further shareholder approval, which would not only result in further dilution to investors in this offering but could also depress the market value of our common stock, if a public trading market develops.

**We may issue preferred stock that would have rights that are preferential to the rights of our common stock that could discourage potentially beneficial transactions to our common shareholders.**

An issuance of shares of preferred stock could result in a class of outstanding securities that would have preferences with respect to voting rights and dividends and in liquidation over our common stock and could, upon conversion or otherwise, have all of the rights of our common stock. Our Board of Directors' authority to issue preferred stock could discourage potential takeover attempts or could delay or prevent a change in control through merger, tender offer, proxy contest or otherwise by making these attempts more difficult or costly to achieve. The issuance of preferred stock could impair the voting, dividend and liquidation rights of common stockholders without their approval.

**Outstanding shares that are eligible for future sale could adversely impact a public trading market for our common stock, if a public trading market develops.**

In the future, we may offer and sell shares without registration under the Securities Act. All of such shares will be "restricted securities" as defined by Rule 144 ("Rule 144") under the Securities Act and cannot be resold without registration except in reliance on Rule 144 or another applicable exemption from registration. Under Rule 144, our non-affiliates can sell restricted shares held for at least six months, subject only to the restriction that we made available public information as required by Rule 144. Our affiliates can sell restricted securities after six months, subject to compliance with the volume limitation, manner of sale, Form 144 filing and current public information requirements.

No prediction can be made as to the effect, if any, that future sales of restricted shares of common stock, or the availability of such common stock for sale, will have on the market price of the common stock prevailing from time to time. Sales of substantial amounts of such common stock in the public market, or the perception that such sales may occur, could adversely affect the then prevailing market price of the common stock.

**If a public trading market for our shares develops, owners of our common stock will be subject to the penny stock rules.**

Since our shares are not listed on a national stock exchange or quoted on the Nasdaq Capital Market within the United States, if a public trading market develops, of which there can be no assurance, trading in our shares on the OTC market will be subject, to the extent the market price for our shares is less than \$5.00 per share, to a number of regulations known as the "penny stock rules". The penny stock rules require a broker-dealer to deliver a standardized risk disclosure document prepared by the SEC, to provide the customer with additional information including current bid and offer quotations for the penny stock, the

compensation of the broker-dealer and its salesperson in the transaction, monthly account statements showing the market value of each penny stock held in the customer's account, and to make a special written determination that the penny stock is a suitable investment for the investor and receive the investor's written agreement to the transaction. To the extent these requirements may be applicable they will reduce the level of trading activity in the secondary market for our shares and may severely and adversely affect the ability of broker-dealers to sell our shares, if a publicly traded market develops.

**We do not expect to pay cash dividends in the foreseeable future. Any return on investment may be limited to the value of our stock.**

We have never paid any cash dividends on any shares of our capital stock, and we do not anticipate that we will pay any dividends in the foreseeable future. Our current business plan is to retain any future earnings to finance the expansion of our business. Any future determination to pay cash dividends will be at the discretion of our Board of Directors, and will be dependent upon our financial condition, results of operations, capital requirements and other factors as our board of directors may deem relevant at that time. If we do not pay cash dividends, our stock may be less valuable because a return on your investment will only occur if our stock price appreciates.

**No broker or dealer has committed to create or maintain a market in our stock.**

We have no agreement with any broker or dealer to act as a marketmaker for our securities and there is no assurance that we will be successful in obtaining any marketmakers. Thus, no broker or dealer will have an incentive to make a market for our stock. The lack of a marketmaker for our securities could adversely influence the market for and price of our securities, as well as your ability to dispose of, or to obtain accurate information about, and/or quotations as to the price of, our securities.

**Delaware law and our by-laws protect our directors from certain types of lawsuits.**

Delaware law provides that our directors will not be liable to us or our stockholders for monetary damages for all but certain types of conduct as directors. Our by-laws require us to indemnify our directors and officers against all damages incurred in connection with our business to the fullest extent provided or allowed by law. The exculpation provisions may have the effect of preventing stockholders from recovering damages against our directors caused by their negligence, poor judgment or other circumstances. The indemnification provisions may require us to use our assets to defend our directors and officers against claims, including claims arising out of their negligence, poor judgment, or other circumstances.

**ITEM 1B. UNRESOLVED STAFF COMMENTS.**

None.

**ITEM 2. PROPERTIES**

Descriptions of our mining properties are contained in the Business discussion in this Report.

**ITEM 3. LEGAL PROCEEDINGS**

None.

**ITEM 4. REMOVED AND RESERVED**

28

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**PART II****ITEM 5.****MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS****Market Information**

Our outstanding shares of common stock traded over-the-counter and quoted on the OTC Bulletin Board (OTCBB) under the symbol GWBC from January 1, 2007 to February 5, 2010. Effective February 5, 2010, our outstanding shares of common stock have traded over-the-counter and quoted on the OTCBB under the symbol AHNR. Our common stock is quoted currently on the OTCQB of the OTC Markets Group, Inc. under the symbol AHNR. The reported high and low closing bid prices for our common stock are shown below for the period from January 1, 2013 through December 31, 2014. All quoted prices reflect inter-dealer prices without retail markup, mark-down or commission and may not necessarily represent actual transactions.

		2014			2013			
		High	Low		High	Low		
First quarter ended March 31	\$	0.24	\$	0.13	\$	0.40	\$	0.27
Second quarter ended June 30	\$	0.21	\$	0.11	\$	0.30	\$	0.12
Third quarter ended September 30	\$	0.22	\$	0.11	\$	0.25	\$	0.15
Fourth quarter ended December 31	\$	0.11	\$	0.06	\$	0.20	\$	0.12

**Registered Holders of our Common Stock**

As of March 31, 2015, there were approximately 56 record owners of our common stock. We believe that a number of stockholders hold stock on deposit with their brokers or investment bankers registered in the name of stock depositories.

**Dividends**

Our Board of Directors may declare and pay dividends on outstanding shares of common stock out of funds legally available therefore in its sole discretion; however, to date, no dividends have been paid on common stock and we do not anticipate the payment of dividends in the foreseeable future.



Trading in our common stock is subject to rules adopted by the SEC regulating broker dealer practices in connection with transactions in "penny stocks." Those disclosure rules applicable to penny stocks require a broker dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document prepared by the SEC. That disclosure document advises an investor that investment in penny stocks can be very risky and that the investor's salesperson or broker is not an impartial advisor but rather paid to sell the shares. The disclosure contains further warnings for the investor to exercise caution in connection with an investment in penny stocks, to independently investigate the security, as well as the salesperson with whom the investor is working and to understand the risky nature of an investment in this security. The broker dealer must also provide the customer with certain other information and must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. Further, the rules require that, following the proposed transaction, the broker provide the customer with monthly account statements containing market information about the prices of the securities.

**Recent Sales of Unregistered Securities**

None, except as previously reported.

**Equity Compensation Plan Information**

The following table summarizes our common shares authorized for issuance under equity compensation plans as of December 31, 2014:

	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuances under equity compensation plans (excluding securities reflected in column (a))</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
Equity compensation plans approved by security holders	150,000	\$0.43	0
Equity compensation plans not approved by security holders			
<b>Total</b>	<b>150,000</b>	<b>\$0.43</b>	<b>0</b>

For a description of our equity compensation plans, see the notes to our consolidated financial statements included elsewhere in this Report.

**ITEM 6.****SELECTED FINANCIAL DATA**

We are a smaller reporting company as defined by the Exchange Act and are not required to provide the information required under this item.

## **ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

We use the terms Athena, we, our, and us to refer to Athena Silver Corporation and its consolidated subsidiary.

The following discussion should be read in conjunction with our financial statements, including the notes thereto, appearing elsewhere in this Report. The discussion of results, causes and trends should not be construed to imply any conclusion that these results or trends will necessarily continue into the future.

### **Forward-Looking Statements**

Some of the information presented in this Form 10-K constitutes forward-looking statements. These forward-looking statements include, but are not limited to, statements that include terms such as may, will, intend, anticipate, estimate, expect, continue, believe, plan, or the like, as well as all statements that are not historical facts. Forward-looking statements are inherently

subject to risks and uncertainties that could cause actual results to differ materially from current expectations. Although we believe our expectations are based on reasonable assumptions within the bounds of our knowledge of our business and operations, there can be no assurance that actual results will not differ materially from expectations.

All forward-looking statements speak only as of the date on which they are made. We undertake no obligation to update such statements to reflect events that occur or circumstances that exist after the date on which they are made.

## **Business Overview**

We were incorporated on December 23, 2003, in Delaware and our principal business is the acquisition and exploration of mineral resources.

On March 15, 2010, we entered into a Mining Lease with Option to Purchase (the *Langtry Lease* or the *Lease*) which granted us a 20 year lease to develop and conduct mining operations on a 413 acre group of 20 patented mining claims located in the Calico Mining District (the *Langtry Property*, or the *Property*), also with an option to purchase the *Property*. This *Property* is located at the base of the Calico Mountains northeast of Barstow, in San Bernardino County, California.

During the first quarter of 2011, we completed a 13-hole drilling program on our *Langtry Property* in an effort to validate the results of an earlier drilling program undertaken by a previous owner of the *Property* during the 1960's and 1970's and to further define silver deposits near historic workings on the *Property*. During the remainder of 2011 and during the first quarter of 2012, we evaluated the results of our drilling program, performed metallurgical studies and hired an independent firm to estimate our resources. In May 2012, our independent consultant issued a NI 43-101 report following the guidelines specified by the Canadian Council of Professional Geoscientists and included a description of the *Langtry Property* and location, history, geological setting, deposit types, mineralization, exploration, drilling, sampling method and approach, sample preparation, analyses and security, data verification, mineral resource and mineral reserve estimates, as well as other relevant data and information.

We continue to evaluate strategies to enhance the value of our mining assets subject to restrictions based on our limited capital available under our line of credit. Our ongoing mineral lease payments, exploration and development efforts and general and administrative expenses will require additional capital.

## **Results of Operations:**

Our analysis presented below is organized to provide the information we believe will be instructive for understanding our historical performance and relevant trends going forward. This discussion should be read in conjunction with our consolidated financial statements, including the notes thereto, included in this Annual Report on Form 10-K.



**Results of Operations for the Years Ended December 31, 2014 and 2013**

A summary of our results from operations is as follows:

	Years Ended December 31,	
	2014	2013
Operating expenses:		
Exploration costs	\$ 19,080	\$ 49,517
Other operating costs	-	1,490
General and administrative expenses	127,240	298,414
Total operating expenses	146,320	349,421
Operating loss	(146,320)	(349,421)
Total other expenses, net	(47,011)	(8,687)
Net loss	\$ (193,331)	\$ (358,108)

During the year ended December 31, 2014, our loss from operations was \$146,320 as compared to an operating loss of \$349,421 during the same period in 2013. The \$203,101 decrease in our loss was mainly attributable to decreases in exploration costs, and a decrease in general and administrative expenses primarily resulting from the issuance of common stock purchase options granted to each of our three directors in April 2013, as well as decreases in certain professional fees including legal and accounting expenses.

*Operating expenses:*

During the year ended December 31, 2014, our total operating expenses decreased \$203,101, or 58%, from \$349,421 to \$146,320 for the year ended December 31, 2013 and 2014, respectively.

During the year ended December 31, 2014, we incurred \$19,080 of exploration costs as compared to \$49,517 during the same period in 2013, a decrease of \$30,437. For the year ended December 31, 2014, exploration costs primarily consisted of storage and legal expenses associated with the Langtry project. For the year ended December 31, 2013 exploration costs consisted primarily of metallurgical analysis of bulk samples from the Langtry project and certain legal expenses associated with our assessments regarding the validity of certain royalty agreements. Our other operating costs, consisting of environmental permitting expenses, were \$0 and \$1,490 for the years ended December 31, 2014 and 2013, respectively.

Our general and administrative expenses decreased \$171,174, or 57%, from \$298,414 to \$127,240 for the years ended December 31, 2013 and 2014, respectively. The decrease is primarily attributable to the issuance of common stock

purchase options granted to each of our three directors in April 2013. On April 8, 2013, we granted 200,000 common stock purchase options with a grant date fair value of \$0.26 per share to each of our three directors, which were 100% vested on the grant date. These options expire on April 8, 2018, and have an exercise price of \$0.26 per share. The options granted on

April 8, 2013 were determined to have a fair value of \$154,000, which was charged as share-based compensation to general and administrative expenses on the grant date. The remaining decrease in general and administrative expenses of \$17,174 generally represents decreases in certain legal fees, and accounting and auditing fees as we continue our efforts to reduce such costs as the primary driver of our current operating cost structure.

*Other income (expense):*

Our total other expenses were \$47,011 during the year ended December 31, 2014, as compared to total other expenses of \$8,687 during the year ended December 31, 2013. For the year ended December 31, 2014 we incurred \$57,191 in interest expense associated with our related party convertible notes payable. Interest expense for the year ended December 31, 2013 was \$43,011, which was also associated with our related party convertible notes payable.

Our periodic evaluation and mark-to-market of our derivative warrant liability at December 31, 2014 resulted in a \$10,180 decrease in the liability as compared to a \$34,323 decrease in the liability for the year ended December 31, 2013.

**Liquidity and Capital Resources:**

*Liquidity*

During the year ended December 31, 2014, we required capital principally for funding of our operating activities and required periodic mineral rights payments. To date, we have financed our capital requirements through the sale of unregistered equity securities and borrowings primarily from related parties. We expect to meet our future financing needs and working capital and capital expenditure requirements through additional borrowings and offerings of debt or equity securities, although there can be no assurance that our future financing efforts will be successful. The terms of future financings could be highly dilutive to existing shareholders.

On December 31, 2014, we had \$8,122 of cash and cash equivalents and negative working capital of \$1,445,600. This compares to cash on hand of \$16,934 and negative working capital of \$1,182,746 at December 31, 2013.

We have a Credit Agreement, as amended, with a significant shareholder, which provides us with an unsecured credit facility in the maximum borrowing amount of \$1,250,000. The aggregate principal amount borrowed, together with interest at the rate of 5% per annum, was due in full on December 31, 2014, and is convertible, at the option of the lender, into common shares at a conversion price of \$0.50 per share. Effective December 31, 2014, we extended the maturity date of the Credit Agreement to December 31, 2015 and increased the borrowing limit by an additional



\$250,000, bringing the total borrowing limit to \$1,500,000.

The credit facility also contains customary representations and warranties (including those relating to organization and authorization, compliance with laws, payment of taxes and other obligations, absence of defaults, material agreements and litigation) and customary events of default (including those relating to monetary defaults, covenant defaults, cross defaults and bankruptcy events). As of December 31, 2014 total borrowings under the Credit Agreement were \$1,246,000.

The Langtry lease and option to purchase originated in March 2010, and has been subject to various amendments, the most recent on January 21, 2015 which, among other things, deferred certain payments due to the lessor to future years and are partially dependent upon the results of future silver production, if any. The lease is also subject to certain future optional cash consideration payments that would provide for the elimination of a 3% net smelter production royalty due the lessor upon silver production. The lease also provides an option for the purchase of the leased property for a one-time payment of \$10 million due anytime beginning January 15, 2015 and ending March 15, 2020. While we anticipate making the required payments on the lease in a timely manner, our ability to meet the optional payments under the lease are dependent upon available financial resources.

### *Cash Flows*

A summary of our cash provided by and used in operating, investing and financing activities is as follows:

	Year Ended December 31,	
	2014	2013
Net cash used in operating activities	\$ (147,789)	\$ (224,295)
Net cash used in investing activities	(117,023)	(205,000)
Net cash provided by financing activities	256,000	434,000
Net increase (decrease) in cash	(8,812)	4,705
Cash and cash equivalents, beginning of period	16,934	12,229
Cash and cash equivalents, end of period	\$ 8,122	\$ 16,934

#### *Net cash used in operating activities:*

Net cash used in operating activities was \$147,789 and \$224,295 during the years ended December 31, 2014 and 2013, respectively.

Cash used in operating activities during the year ended December 31, 2014 mainly related to our \$(193,331) net loss as adjusted for the non-cash decrease in the fair value of our derivative warrant liability of \$10,180 and changes in operating assets and liabilities. Our changes in operating assets and liabilities were comprised of a net \$55,722 increase in current liabilities applicable to operations consisting of accounts payable and accrued liabilities generally representing accrued interest on our related party convertible notes payable.

Cash used in operating activities during the year ended December 31, 2013 mainly related to our \$(358,108) net loss as adjusted for non-cash items and changes in operating assets and liabilities. The non-cash adjustments were comprised of a \$154,000 share-based compensation charge representing the fair value of common stock purchase

options granted to our three directors on April 8, 2013, and a \$(34,323) mark-to-market gain relating to the change in fair value of our derivative warrants liability. Our changes in operating assets and liabilities were comprised of a \$37,000 decrease in prepaid expenses, and a net \$(22,864) decrease in current liabilities applicable to operations consisting of accounts payable and accrued liabilities.

*Net cash used in investing activities:*

Cash used in investing activities was \$(117,023) during the year ended December 31, 2014 as compared to \$(205,000) during the year ended December 31, 2013.

Cash used in investing activities during the year ended December 31, 2014 represents annual lease rental payments under our Langtry Lease of \$90,000, as well as \$21,023 representing cash paid for the acquisition of property located in the Calico Mining District, San Bernardino County, California in a property tax auction conducted on behalf of the County during the second quarter of 2014. In addition, we paid \$6,000 to renew and maintain our 36 unpatented mining claims in San Bernardino County with the Bureau of Land Management.

Cash used in investing activities during the year ended December 31, 2013 represents annual lease rental payments under our Langtry Lease of \$80,000, and \$125,000 representing payment on the lease amendment to buy down certain possible future royalty obligations.

*Net cash provided by financing activities:*

Cash provided by financing activities during the year ended December 31, 2014 was \$256,000 compared to cash provided by financing activities of \$434,000 during the same period in 2013.

During the year ended December 31, 2014 we borrowed \$256,000 from Mr. Gibbs under the Credit Agreement.

During the year ended December 31, 2013 we borrowed \$435,000 from Mr. Gibbs under the Credit Agreement, and incurred net payments toward advances payable to related parties of \$1,000.

**Off Balance Sheet Arrangements:**

We do not have and never had any off-balance sheet arrangements.

### **Recent Accounting Pronouncements**

During the year ended December 31, 2014, the Company elected to early adopt Accounting Standards Update No. 2014-10, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements. The adoption of this ASU allowed the company to remove the inception to date information and all references to development stage.

### **Critical Accounting Policies**

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates, assumptions and judgments that affect the amounts reported in our financial statements. The accounting positions described below are significantly affected by critical accounting estimates.

We believe that the significant estimates, assumptions and judgments used when accounting for items and matters such as capitalized mineral rights, asset valuations, recoverability of assets, asset impairments, taxes, and other provisions were reasonable, based upon information available at the

time they were made. Actual results could differ from these estimates, making it possible that a change in these estimates could occur in the near term.

### ***Mineral Rights***

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, 2014. No impairment loss was recognized during either the years ended December 31, 2014 and 2013, and mineral rights are net of \$0 of impairment losses as of December 31, 2014.

### ***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.

*Share-based Payments*

We measure and recognize compensation expense or professional services expense for all share-based payment awards made to employees, directors and non-employee consultants based on estimated fair values. We estimate the fair value of stock options on the date of grant using the Black-Scholes-

Merton 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 life of the options.

We expense share-based compensation, adjusted for estimated forfeitures, 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. We estimate forfeitures at the time of grant and revise those estimates in subsequent periods if actual forfeitures differ from our estimates. Our excess tax benefits, if any, cannot be credited to stockholders' equity until the deduction reduces cash taxes payable; accordingly, we realized no excess tax benefits during any of the periods presented in the accompanying consolidated financial statements.

### *Income Taxes*

We account for income taxes through the use of the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, and for income tax carry-forwards. A valuation allowance is recorded to the extent that we cannot conclude that realization of deferred tax assets is more likely than not. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years 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 operations in the period that includes the enactment date.

We follow a two-step approach to recognizing and measuring tax benefits associated with uncertain tax positions taken, or expected to be taken in a tax return. The first step is to determine if, based on the technical merits, it is more likely than not that the tax position will be sustained upon examination by a taxing authority, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement with a taxing authority. We recognize interest and penalties, if any, related to uncertain tax positions in our provision for income taxes in the consolidated statements of operations. To date, we have not recognized any tax benefits from uncertain tax positions.

### **ITEM 7A.**

#### **QUANTITATIVE AND QUALITATIVE DISCLOSURES**

##### **ABOUT MARKET RISK**

Not applicable.

### **ITEM 8.**

#### **FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**



The financial statements required by this item are located in Item 15 beginning on page F-1 of this Annual Report on Form 10-K and are incorporated herein by reference.

37

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**ITEM 9.**

**CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None, except as previously disclosed.

**ITEM 9A.**

**CONTROLS AND PROCEDURES**

**Disclosure Controls and Procedures**

Disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time period specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosures. Our management necessarily applied its judgment in assessing the costs and benefits of such controls and procedures, which, by their nature, can provide only reasonable assurance regarding management's control objectives.

Our management, with the participation of our CEO, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Report. Based upon this evaluation, our CEO concluded that our disclosure controls and procedures were not effective because of the identification of a material weakness in our internal control over financial reporting which is described below.

**Management's Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Rule 13a-15(f). Our internal control over financial reporting is a process designed to provide reasonable assurance to our management and board of directors regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with U.S. GAAP.

Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP and our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely

detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. All internal control systems, no matter how well designed, have inherent limitations, including the possibility of human error and the circumvention of overriding controls. Accordingly, even effective internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2014. In making this assessment, it used the criteria set forth by the Committee of Sponsoring

Organizations of the Treadway Commission ( COSO ) in Internal Control-Integrated Framework. Based on this evaluation, management concluded that that our internal control over financial reporting was not effective as of December 31, 2014. Our CEO concluded we have a material weakness due to lack of segregation of duties and a limited corporate governance structure. A material weakness is a deficiency, or a combination of control deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Our size has prevented us from being able to employ sufficient resources to enable us to have an adequate level of supervision and segregation of duties within our system of internal control. Therefore while there are some compensating controls in place, it is difficult to ensure effective segregation of accounting and financial reporting duties. Management reported a material weakness resulting from the combination of the following significant deficiencies:

.  
Lack of segregation of duties in certain accounting and financial reporting processes including the initiation, processing, recording and approval of disbursements;

.  
Our corporate governance responsibilities are performed by the Board of Directors; we do not have an audit committee or compensation committee. Because our Board of Directors only meets periodically throughout the year, several of our corporate governance functions are not performed concurrent (or timely) with the underlying transactions including evaluation of the application of accounting principles and disclosures relating to those transactions; and

.  
Certain reports that we prepare and accounting and reporting conclusions reached in connection with the financial statement preparation process are not submitted timely to the Board of Directors for review or approval.

While we strive to segregate duties as much as practicable, there is an insufficient volume of transactions at this point in time to justify additional full time staff. We believe that this is typical in many exploration stage companies. We may not be able to fully remediate the material weakness until we commence mining operations at which time we would expect to hire more staff. We will continue to monitor and assess the costs and benefits of additional staffing.

This Annual Report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to the SEC rules that permit us to provide only management's report in this Annual Report.

**Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2014, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 9B.**

**OTHER INFORMATION**

None.

39

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**PART III**

**ITEM 10.**

**DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

**Directors and Executive Officers**

Our current executive officers and directors are:

<b>Name</b>	<b>Age</b>	<b>Position</b>
John C. Power <sup>(1)</sup>	52	CEO, President, CFO, Secretary and Director
Brian Power <sup>(1)</sup>	49	Director
Leroy Wilkes	72	Director

<sup>(1)</sup> John C. Power and Brian Power are brothers.

*John C. Power* has served as President, Secretary and director since our inception in September 2010.

Mr. Power has also served as a director of Athena Silver Corporation since its inception in December 2003 and has served as Athena's President from December 2005 to December 2007 and from January 2009 to the present and has served as Athena's Secretary since January 2007.

Mr. Power is also a co-managing member since 2011 of Silver Saddle Resources, LLC that owns mining claims in Nevada.

From March 2010 to present, Mr. Power has severed as co-Managing Member of Ryan Air Exposition, LLC, a private California holding company that invests in antique airplanes. Mr. Power has served as President and director of Alta California Broadcasting, Inc., which operated radio stations, from December 1993 to March 2007; and President and

director of Four Rivers Broadcasting, Inc., also a radio broadcaster, from May 1997 to March 2005 and Vice President from March 2005 to the present. Mr. Power has served as Co-Managing Member of Wyoming Resorts, LLC, which owns and operates an historic hotel in Thermopolis, Wyoming, since June 1997; and Mr. Power has served as President of Power Curve, Inc., a private investment company, since 1986. Mr. Power has also been the managing member of Best of Sea Ranch, LLC since December 2004 which operated through a joint venture a vacation home rental business in The Sea Ranch California until August 2013. Mr. Power has been a general partner of Power Vacaville, LP a real estate investment firm since January 2008. Mr. Power also serves as the vice-president and director of The Tide Community Broadcasting, Inc. since July 2012.

From September 2008 to March 2012, Mr. Power served as an officer and director of Hungry Hunter, Inc., a private California-based restaurant enterprise. From March 2008 until February 2010, Mr. Power served as a director of Reserve Energy Corporation, a small private oil and gas exploration and production company; and was Managing Member of Montana Resorts, LLC, which is a holding company for Yellowstone Gateway Resorts, LLC, (from May 2002 until May 2008; and was Managing Member of Yellowstone Gateway Resorts, LLC, which owned and operated the Gallatin Gateway Inn, from May 2002 until May 2008. On November 16, 2004, Yellowstone Gateway Resorts, LLC filed a voluntary petition in bankruptcy under Chapter 11 of the U.S. Bankruptcy Code in response to an adverse

arbitration award in favor of a former employee. Yellowstone Gateway Resorts, LLC was successfully reorganized under Chapter 11.

Mr. Power attended, but did not receive a degree from, Occidental College and University of California at Davis.

*Brian Power* has served as a director since our inception in December 2003. He was our CEO and President from December 2003 until he resigned as President and CEO in December 2005. He has been President and director from February 1997 to the present of Lone Oak Vineyards, Inc., a California real estate investment company. From October 1998 to present, he has been founder and managing member of Spirit of Adventure, LLC, formed to develop deep ocean exploration technologies and design and build high technology-based manned submersibles. From February 2002 to present, he has been founder and Managing Member of West Indies Investments, LLC, a company that sponsors tourist excursions in Providenciales, Turks and Caicos Islands, and the British West Indies. He has been director of Snuba, Inc. from 1996 to present, a licensor of and manufacturer of patented dive apparatus. Mr. Power attended Solano Community College and the University of California at Davis.

*LeRoy Wilkes* has served as a director since August 2011. Mr. Wilkes has vast experience as a professional mining engineer. He is formerly the President of Washington Group International, Inc.'s Mining Business Unit, from which he retired in 2007. In that capacity, he oversaw mining development operations throughout the world. Washington Group International merged with URS Corporation in 2007. From 1988 to 1995, he was the Chief Operating Officer of Santa Fe Pacific Gold Corporation and was involved in the expansion of their Nevada operations. Santa Fe Pacific Gold Corporation merged with Newmont Mining Corporation in 1997. From 1980 to 1986, Mr. Wilkes was Director of Business Development for Anaconda Minerals Company, where he was involved in such projects as Greens Creek, Alaska, Stillwater, Montana and Las Pelambres in Chile.

Mr. Wilkes is retired, and also serves as a Director of Quaterra Resources, Inc. and Sabina Gold and Silver Corp. He holds a B.A. degree from the Montana School of Mines.

### **Involvement in Certain Legal Proceedings**

During the last 10 years, except as disclosed above, none of our directors or officers has:

a.

had any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;



b.

been convicted in a criminal proceeding or subject to a pending criminal proceeding;

c.

been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; or

d.

been found by a court of competent jurisdiction in a civil action, the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

On June 1, 1998, the SEC issued an Order instituting proceedings alleging, among other things, that Mr. Power violated Section 10(b) of the Exchange Act and Rule 10(b)(5) promulgated thereunder by

41

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participating in a manipulation through his personal account of the public trading market for the stock of Premier Concepts, Inc., from approximately June 1994 through December 1994. On November 15, 2005, the US Court of Appeals for the District of Columbia Circuit issued an Opinion and Order dismissing the matter.

Our executive officers are elected at the annual meeting of our Board of Directors held after each annual meeting of our shareholders. Our directors are elected at the annual meeting of our shareholders. Each director and executive officer holds office until his successor is duly elected and qualified, until his resignation or until he is removed in the manner provided by our by-laws.

### **Family Relationships**

John C. Power and Brian Power are brothers. There do not exist any arrangements or understandings between any director and any other person pursuant to which any director was elected as such.

### **Director Independence**

Our common stock is listed on the OTC Market Inc.'s OTCQB and OTC Pinksheets inter-dealer quotation systems, which does not have director independence requirements. Nevertheless, for purposes of determining director independence, we have applied the definition set forth in NASDAQ Rule 4200(a)(15). The following directors are considered independent as defined under Rule 4200(a)(15): LeRoy Wilkes. John C. Power and Brian Power would not be considered independent under the NASDAQ rule due to the fact that John C. Power is an officer and Brian Power is John C. Power's brother.

### **Board Meetings**

During the year ended December 31, 2014, we had three directors. During the year ended December 31, 2013, our Board held no meetings but has taken numerous actions by unanimous written consent.

### **Committees of the Board of Directors**

We currently do not have standing audit, compensation or nominating committees of the Board of Directors. We plan to form audit, compensation and nominating committees when it is necessary to do so to comply with federal securities laws or to meet listing requirements of a stock exchange or the Nasdaq Capital Market.

**Compliance with Section 16(a), Beneficial Ownership**

Under the Securities Laws of the United States, our directors, executive (and certain other) officers, and any persons holding more than ten percent (10%) of our common stock during any part of our most recent fiscal year are required to report their ownership of common stock and any changes in that ownership to the SEC. Specific due dates for these reports have been established and we are required to report in this Report any failure to file by these dates. During the year ended December 31, 2014, all of these filing requirements were satisfied by our officers, directors, and ten-percent holders except that Mr. Gibbs failed to file reports covering 21 transactions in a timely fashion. In making these statements, we have relied on the written representation of our directors and officers or copies of the reports that they have filed with the Commission.

## Code of Ethics

We have adopted a Code of Ethics that applies to, among other persons, our company's principal executive officer, as well as persons performing similar functions. As adopted, our Code of Ethics sets forth written guidelines to promote:

·  
honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

·  
full, fair, accurate, timely and understandable disclosure in all reports and documents that we file with, or submit to, the SEC and in other public communications made by us that are within the executive officer's area of responsibility;

·  
compliance with applicable governmental laws, rules and regulations;

·  
the prompt internal reporting of violations of the Code; and

·  
accountability for adherence to the Code.

Our Code of Ethics has been filed with the SEC as Exhibit 14 to our Annual Report on Form 10-KSB for the fiscal year ended December 31, 2006, as filed with the SEC on April 24, 2007. We will provide a copy of the Code of Ethics to any person without charge, upon request. Requests can be sent to: Athena Silver Corporation, 2010A Harbison Drive # 312, Vacaville, CA 95687.

## ITEM 11. EXECUTIVE COMPENSATION

### Director Compensation

The following table summarizes all director compensation in the most recent fiscal year ended December 31, 2014. There are no standard compensation arrangements in place for our directors.

**Director Compensation**

<b>Name</b>	<b>Fees Earned or Paid in Cash</b>	<b>Option Awards</b>	<b>All Other Compensation</b>	<b>Total</b>
	<b>(\$)</b>	<b>(\$)<sup>2</sup></b>	<b>(\$)</b>	<b>(\$)</b>
Leroy Wilkes <sup>1</sup>	12,000	51,333		63,333
Brian Power		51,333		51,333

<sup>1</sup> Mr. Wilkes earns a retainer fee of \$12,000 per year, payable quarterly. Mr. Wilkes has 350,000 options outstanding at December 31, 2014.

<sup>2</sup> Messrs. Wilkes and Power were each granted options exercisable to purchase 200,000 shares of common stock at an exercise price of \$0.26 per share. We determined that the fair value of each 200,000 option grant was \$51,333.

**Executive Compensation**

The executive officers for the most recent fiscal year ended December 31, 2014 are as follows:

John C. Power, CEO, President, CFO, Secretary and director.

**Summary Compensation Table**

The following table sets forth all compensation recorded by us to Mr. Power during the years ended December 31, 2014 and 2013:

		<b>Summary Compensation Table</b>							
							<b>Nonqualified</b>		
<b>Name</b>		<b>Non-Equity</b>					<b>Deferred</b>		
<b>and</b>		<b>Stock</b>		<b>Option</b>		<b>Incentive Plan Compensation</b>		<b>All Other</b>	
<b>Principal</b>		<b>Salary</b>	<b>Bonus</b>	<b>Awards</b>	<b>Awards</b>	<b>Compensation</b>	<b>Earnings</b>	<b>Compensation</b>	<b>Total</b>
<b>Position</b>	<b>Year</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
John C. Power, President	2013	30,000			51,333 <sup>1</sup>				81,333
	2014	30,000							30,000

<sup>1</sup> Represents the fair value of options exercisable to purchase 200,000 shares at an exercise price of \$0.26 per share.

Mr. Power is our only executive officer. We entered into a one year consulting agreement with Mr. Power at the rate of \$30,000 per year for his part-time service as our President. Mr. Power devotes approximately 25% of his time and attention to our business.

**Employment Agreements**

We do not have any written employment agreements other than the above-referenced consulting agreement with any of our executive officers; nor do we have or maintain key man life insurance on Mr. Power.

### **Equity Incentive Plan**

On December 10, 2004, we adopted our 2004 Equity Incentive Plan (the Plan ) for our officers, directors and other employees, plus outside consultants and advisors. Under the Plan, our employees, outside consultants and advisors may receive awards of non-qualified options and incentive options, stock appreciation rights or shares of stock. As required by Section 422 of the Internal Revenue Code of 1986, as amended, the aggregate fair market value of our common stock underlying incentive stock options granted to an employee exercisable for the first time in any calendar year may not exceed \$100,000. The foregoing limitation does not apply to non-qualified options. The exercise price of an incentive option may not be less than 100% of the fair market value of the shares of our common stock on the date of grant. The same limitation does not apply to non-qualified options. An option is not transferable, except by will or the laws of descent and distribution. If the employment of an optionee terminates for any reason, (other than for cause, or by reason of death, disability or retirement), the optionee may exercise his options within a 90-day period following such termination to the extent he was entitled to exercise such options at the date of termination. A maximum of 500,000 shares of our common stock are subject to the Plan. The purpose of the Plan is to provide employees, including our officers, directors, and non-employee consultants and

advisors with an increased incentive to make significant and extraordinary contributions to our long-term performance and growth, to join their interests with the interests of our shareholders, and to facilitate attracting and retaining employees of exceptional ability.

The Plan may be administered by the Board or in the Board's sole discretion by the Compensation Committee of the Board or such other committee as may be specified by the Board to perform the functions and duties of the Committee under the Plan. Subject to the provisions of the Plan, the Committee and the Board shall determine, from those eligible to be participants in the Plan, the persons to be granted stock options, stock appreciation rights and restricted stock, the amount of stock or rights to be optioned or granted to each such person, and the terms and conditions of any stock option, stock appreciation rights and restricted stock.

As of the date of this Report, there are 150,000 options outstanding that have been granted under the Plan. As the termination date of the Plan has passed, we can no longer make additional award grants under the Plan.

**Outstanding Equity Awards at Fiscal Year-End**

The following table sets forth information concerning unexercised options, stock that has not vested and equity incentive plan awards for each named executive officer outstanding as of the end of the most recently completed fiscal year:

**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END TABLE**

<b>Option Awards</b>			<b>Stock Awards</b>		
Number of	Number of	Awards;	Number	Market	Equity
Units of	Units of	Shares,	of	Value of	Incentive
Equity	Equity	Plan	Shares or	Unearned	Plan
Incentive	Incentive	Awards;	Units of	Shares,	Awards;
Plan	Plan	Shares,	Shares,	Market or	Market or
Number of	Number of	Shares,	Units or	Payout	Value of
Awards;	Awards;	Unearned	Unearned	Unearned	Unearned
Shares,	Shares,	Shares,	Shares,	Shares,	Shares,
Units of	Units of	Units or	Units or	Units or	Units or



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Name	Securities	Securities	Number of			Stock	Units	Other	Units or
	Underlying	Underlying	Securities	Option	Option	That	That	Rights	Other
	Unexercised	Unexercised	Underlying	Unexercised	Option	Have Not	Have Not	That	Rights
	Options	Options	Unexercised	Option	Option	Vested	Vested	Have	That
			Unearned	Exercise	Exercise			Not	Have
								Vested	Not
	Exercisable	Unexercisable	Options	Price	Date				Vested
John C. Power	200,000	-0-	-0-	\$0.26	April 2013	-0-	-0-	-0-	-0-

**Expense Reimbursement**

We will reimburse our officers and directors for reasonable expenses incurred during the course of their performance.

**Retirement Plans and Benefits**

None.

**Indemnification of Directors and Officers**

Our bylaws contain provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by Delaware law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for:

.

any breach of the director's duty of loyalty to us or our stockholders,

.

any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law,

.

unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law, or

.

any transaction from which the director derived an improper personal benefit.

Our bylaws provide that we are required to indemnify our directors and executive officers to the fullest extent permitted by Delaware law. Any repeal of or modification to our restated certificate of incorporation or bylaws may not adversely affect any right or protection of a director or executive officer for or with respect to any acts or omissions of such director or executive officer occurring prior to such amendment or repeal. Our bylaws also provide that we may advance expenses incurred by a director or executive officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law. We believe that these bylaw provisions are necessary to attract and retain qualified persons as directors and officers.

The limitation of liability and indemnification provisions in our bylaws may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and executive officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and executive officers as required by these indemnification provisions. At present, there is no pending litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.

**ITEM 12.****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The following table sets forth information with respect to beneficial ownership of our common stock by:

- \* each person who beneficially owns more than 5% of our common stock;
- \* each of our named executive officers;
- \* each of our directors; and
- \* all named executive officers and directors as a group.

The following table shows the number of shares owned as of March 31, 2015 and the percentage of outstanding common stock owned as of March 31, 2015. Each person has sole voting and investment power with respect to the shares shown, except as noted.

Name and Address of <u>Beneficial Owner</u> <sup>(1)</sup>	Amount and Nature of Beneficial <u>Ownership</u> <sup>(2)</sup>	Ownership as a Percentage of Outstanding <u>Common Shares</u> <sup>(3)</sup>
John Gibbs  807 Wood N Creek  Ardmore, OK 73041	16,316,124(4)	45.07
John C. Power	4,805,500(5)	13.27
Bruce and Elizabeth Strachan,  Trustees UTA dtd 7/25/07 P.O. Box 577, Joshua Tree, CA 92252-0577	2,880,047	7.96
Brian Power	300,000(6)	nil%
LeRoy Wilkes	350,000 <sup>(7)</sup>	nil%
All officers and directors as a group	5,455,500	15.07

(three persons)

- (1) Unless otherwise stated, address is 2010A Harbison Drive # 312, Vacaville, CA 95687.
- (2) Under SEC Rules, we include in the number of shares owned by each person the number of shares issuable under outstanding options or warrants if those options or warrants are exercisable within 60 days of the date of this Annual Report. In calculating percentage ownership, we calculate the ownership of each person who owns exercisable options by adding (i) the number of exercisable options for that person only to (ii) the number of total shares outstanding and dividing that result into (iii) the total number of shares and exercisable options owned by that person.
- (3) Shares and percentages beneficially owned are based upon 36,202,320 shares outstanding on March 31, 2015.
- (4) Includes 5,165,000 shares owned by TriPower Resources, Inc., of which John D. Gibbs is President and controlling shareholder.
- (5) Includes options to acquire 200,000 shares of common stock which expire in April 2018.
- (6) Includes options to acquire 200,000 shares of common stock which expire in April 2018
- (7) Includes options to acquire 150,000 shares of common stock which expire July 14, 2016 and options to acquire 200,000 shares of common stock which expire in April 2018.

### **ITEM 13.**

#### **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

#### **AND DIRECTOR INDEPENDENCE**

Except as disclosed herein and in the Notes to Financial Statements, there have been no transactions or proposed transactions in which the amount involved exceeds the lesser of \$120,000 or 1% of the average of our total assets at year-end for the last two completed fiscal years in which any of our directors, executive officers or beneficial holders of more than 5% of the outstanding shares of our common stock, or any of their respective relatives, spouses, associates or affiliates, has had or will have any direct or material indirect interest.

The information required by this Item is located in the Notes to our consolidated financial statements included in Item 15 beginning on page F-1 of this Annual Report on Form 10-K and are incorporated herein by reference.

#### **Director Independence**

Our common stock is listed on the OTC Market Inc.'s OTQB and OTC Pinksheets inter-dealer quotation systems, which does not have director independence requirements. Nevertheless, for purposes of determining director independence, we have applied the definition set forth in NASDAQ Rule 4200(a)(15). The following directors are considered independent as defined under Rule 4200(a)(15): Leroy Wilkes. John C. Power and Brian Power would not be considered independent under the NASDAQ rule due to the fact that John C. Power is an officer and Brian Power is John C. Power's brother.

#### **ITEM 14.**

##### **PRINCIPAL ACCOUNTING FEES AND SERVICES**

We understand the need for our principal accountants to maintain objectivity and independence in their audit of our financial statements. To minimize relationships that could appear to impair the objectivity of our principal accountants, our Board of Directors has restricted the non-audit services that our principal accountants may provide to us primarily to tax services and audit-related services. We are only to obtain non-audit services from our principal accountants when the services offered by our principal accountants are more effective or economical than services available from other service providers, and, to the extent possible, only after competitive bidding. These determinations are among the key practices adopted by the Board of Directors. Our Board has adopted policies and procedures for pre-approving work performed by our principal accountants.

The aggregate fees billed for the years ended December 31, 2014 and 2013, for professional services rendered by our principal accountants for the audit of our annual financial statements and review of the financial statements included in our Quarterly Reports on Form 10-Q and services that are normally

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provided by our accountants in connection with statutory and regulatory filings or engagements for these fiscal periods were as follows:

	<u>2014</u>	<u>2013</u>
Audit fees - audit of annual financial statements and review of financial statements included in our quarterly reports, services normally provided by the accountant in connection with statutory and regulatory filings	\$22,400	\$22,400
Audit-related fees - related to the performance of audit or review of financial statements not reported under "audit fees"	0	0
Tax fees - tax compliance, tax advice and tax planning	0	0
All other fees - services provided by our principal accountants other than those identified above	0	0
Total fees	\$22,400	\$22,400

After careful consideration, the Board of Directors has determined that payment of the audit fees is in conformance with the independent status of our principal independent accountants.

**PART IV**

**ITEM15 EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

(1)	2.1	Asset Purchase and Sale Agreement dated October 8, 2004
(1)	2.2	Amendment No. 1 to Asset Purchase and Sale Agreement
(1)	2.3	Amendment No. 2 to Asset Purchase and Sale Agreement dated July 31, 2005
(1)	2.4	Amendment No. 3 to Asset Purchase and Sale Agreement dated August 31, 2005
(1)	3.1	Amended and Restated Certificate of Incorporation
(3)	3.1.1	Certificate of Designations, Preferences and Rights of Series A Convertible Preferred Stock
(1)	3.2	By-Laws
(1)	4.1	2004 Equity Incentive Plan
(1)	4.2	Form of Subscription Agreement
(1)	4.3	Specimen common stock certificate
(1)	10.1	Lease Agreement
(1)	10.2	Form of Escrow Agreement
(1)	10.3	Amended Trademark Assignment
(1)	10.3.2	Initial Assignment of Trademark
(1)	10.4	Lock-up Letter for Brian Power
(1)	10.5	Lock-up Letter for John C. Power
(1)	10.6	Lock-up Letter for J. Andrew Moorer
(1)	10.7	Amended Fund Escrow Agreement
(1)	10.8	Lease Agreement with Golden West Brewing Company
(1)	10.9	Security Agreement in favor of Power Curve, Inc., Lone Oak Vineyards, Inc. and Tiffany Grace.
(1)	10.10	Promissory Note dated September 9, 2005, Tiffany Grace, Holder
(1)	10.11	Promissory Note dated September 9, 2005, Lone Oak Vineyards, Inc., Holder
(1)	10.12	Promissory Note dated September 9, 2005, Power Curve, Inc., Holder
(1)	10.13	Assignment and Assumption dated August 31, 2005 between Butte Creek Brewing Company, LLC, Golden West Brewing Company and Golden West Brewing Company, Inc.
(1)	10.14	Amended and Restated Assignment and Assumption
(1)	10.15	August 7, 1998 Distribution Agreement
(1)	10.16	Territorial Agreement
(1)	10.17	November 4, 2002 Distribution Agreement
(1)	10.18	June 1, 2001 Authorization
(1)	10.19	July 22, 2004 Authorization
(1)	10.20	September 1, 2005 Authorization
(1)	10.22	Second Amended Fund Escrow Agreement



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(1)	10.23	Contract with New Zealand Hops, Ltd., 2006
(1)	10.24	Contract with New Zealand Hops, Ltd., 2007
(1)	10.25	Second Amended and Restated Assignment and Assumption
(1)	10.26	Third Amended Fund Escrow Agreement
(1)	10.27	Secured Promissory Note with John C. Power
(1)	10.28	Secured Promissory Note with Power Curve, Inc.
(1)	10.29	General Security Agreement with John C. Power and Power Curve, Inc.
(2)	10.30	Production Agreement with Bison Brewing Co.
(2)	10.31	Employment Agreement with David Del Grande
(2)	10.32	License, Production and Distribution Agreement dated November 1, 2006 with Mateveza USA, LLC
(4)	10.33	Employment Agreement with Mark Simpson
(4)	10.34	Consultation Agreement with Artisan Food and Beverage Group
(5)	10.35	Credit Agreement dated December 11, 2007
(6)	10.36	Promissory Note dated March 12, 2008
(6)	10.37	Security Agreement dated March 12, 2008
(6)	10.38	Guaranty Agreement dated March 12, 2008
(7)	10.39	Convertible Debenture dated December 31, 2008
(7)	10.40	Security Agreement dated December 31, 2008
(7)	10.41	Hypothecation Agreement dated December 31, 2008
(8)	10.42	Mendocino Production Agreement
(9)	10.43	Exclusive Consignment Agency Agreement
(10)	10.44	Settlement Stipulation with BRK Holdings, LLC
(11)	10.45	Promissory Note dated April 28, 2009 in favor of Clifford Neuman
(11)	10.46	Security Agreement dated April 28, 2009 in favor of Clifford Neuman
(11)	10.47	Guaranty of John C. Power dated April 28, 2009 in favor of Clifford Neuman
(11)	10.48	Promissory Note dated April 28, 2009 in favor of John C. Power
(11)	10.49	Security Agreement dated April 28, 2009 in favor of John C. Power
(11)	10.50	Promissory Note dated April 28, 2009 in favor of Butte Creek Brands, LLC
(11)	10.51	Security Agreement dated April 28, 2009 in favor of Butte Creek Brands LLC
(11)	10.52	Factoring Agreement dated April 28, 2009
(12)	10.53	Agreement to Convert Debt Clifford L. Neuman PC
(12)	10.54	Agreement to Convert Debt Clifford L. Neuman
(12)	10.55	Agreement to Convert Debt John Power
(12)	10.56	Agreement to Convert Debt Sea Ranch Lodge and Village, LLC
(12)	10.57	Agreement to Convert Debt TriPower Resources, Inc.
(12)	10.58	Agreement to Convert Debt TriPower Resources, Inc.
(12)	10.59	Agreement to Convert Debt Redwood MicroCap Fund, Inc.
(12)	10.60	Agreement to Convert Debt Shana Capital, Ltd.
(13)	10.61	Asset Purchase Agreement dated May 7, 2009
(14)	10.62	Certificate of Amendment to Amended and Restated Certificate of Incorporation
(14)	10.63	Articles of Incorporation of Athena Minerals, Inc.
(15)	10.64	Sale and Purchase Agreement and Joint Escrow Instructions dated December 9, 2009

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(15)	10.65	Assignment of Sale and Purchase Agreement and Joint Escrow Instructions dated January 5, 2010
(15)	10.66	Promissory Note from Athena Minerals, Inc. to John Power dated January 5, 2010
(16)	10.67	Mining Lease and Option to Purchase dated March 11, 2010
(17)	10.68	Intellectual Property Assignment dated June 25, 2010
(18)	10.69	Promissory Notes John C. Power and John D. Gibbs dated June 30, 2010
(19)	10.70	Promissory Note John D. Gibbs dated August 3, 2010
(20)	10.71	Agreement to Convert Debt Clifford L. Neuman
(21)	10.72	Agreements to Convert Debt Donaldson and Kirby
(22)	10.73	Agreement to Convert Debt Clifford L. Neuman
(23)	10.74	Agreement to Convert Debt Huss and Strachan
(24)	10.75	Stock Purchase Agreement; Indemnity Agreement and Amendment No. 1 to Indemnity Agreement each dated December 31, 2010
(25)	10.76	Consent of Schumacher & Associates dated March 7, 2011
(26)	10.77	Marketing Agreement with Bill Fishkin dated April 1, 2011
(26)	10.78	Agreement to Convert Debt with Donaldson Consulting Services, Inc. dated May 31, 2011
(27)	10.79	Term Sheet with LeRoy Wilkes dated July 14, 2011
(28)	10.80	Accredited Members Agreement dated August 31, 2011
(29)	10.81	Promissory Note John D. Gibbs dated October 26, 2011
(29)	10.82	Promissory Note John D. Gibbs dated November 15, 2011
(30)	10.83	Marketing Agreement with Bill Fishkin dated December 1, 2011
(31)	10.84	Advisor Agreement with GVC Capital, LLC dated January 30, 2012
(32)	10.85	Promissory Note John D. Gibbs dated March 18, 2012
(33)	10.86	Promissory Note John D. Gibbs dated February 2, 2012
(34)	10.87	Promissory Note John D. Gibbs dated April 27, 2012
(35)	10.88	Agreement to Convert Debt John D. Gibbs
(36)	10.89	Promissory Note John D. Gibbs dated May 22, 2012
(36)	10.90	Assignment of Right to Purchase Property
(37)	10.91	Agreement to Convert Debt John Donaldson
(38)	10.92	Credit Agreement John D. Gibbs
(38)	10.93	Form of Credit Note
(39)	10.94	Amendment No. 1 to Langtry Lease Agreement
(40)	10.95	Allonge and Modification Agreement with John D. Gibbs
(41)	10.96	Amendment No. 2 to Langtry Lease Agreement
(42)	10.97	Second Allonge and Modification Agreement with John D. Gibbs
(43)	10.98	Amendment No. 3 to Langtry Lease Agreement
(44)	10.99	Third Allonge and Modification Agreement with John D. Gibbs
(44)	10.100	Amendment to Power Consultation Agreement
(2)	14	Code of Ethics
(1)	21.0	List of Subsidiaries
#	31.	Certification required by Section 13a-14(a) of the Exchange Act.
#	32.	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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101.INS XBRL Instance Document##  
101.SCH XBRL Schema Document##  
101.CAL XBRL Calculation Linkbase Document##  
101.LAB XBRL Label Linkbase Document##  
101.PRE XBRL Presentation Linkbase Document##  
101.DEF XBRL Definition Linkbase Document##

- (1) Incorporated by reference from the Company's Registration Statement on Form SB-2, SEC File No. 121351 as declared effective by the Commission on February 14, 2006.
- (2) Incorporated by reference from the Company's Annual Report on Form 10-KSB for the year ended December 31, 2006, and filed with the Commission on April 24, 2007.
- (3) Incorporated by reference from the Company's Current Report on Form 8-K dated September 4, 2007 and filed with the Commission on September 14, 2007.
- (4) Incorporated by reference from the Company's Current Report on Form 8-K dated December 4, 2007 and filed with the Commission on December 6, 2007.
- (5) Incorporated by reference from the Company's Current Report on Form 8-K dated December 11, 2007 and filed with the Commission on December 18, 2007.
- (6) Incorporated by reference from the Company's Current Report on Form 8-K dated March 12, 2008 and filed with the Commission on March 14, 2008.
- (7) Incorporated by reference from the Company's Current Report on Form 8-K dated December 31, 2008 and filed with the Commission on January 6, 2009.
- (8) Incorporated by reference from the Company's Current Report on Form 8-K dated February 11, 2009 and filed with the Commission on February 13, 2009.
- (9) Incorporated by reference from the Company's Current Report on Form 8-K dated March 2, 2009 and filed with the Commission on March 5, 2009.
- (10) Incorporated by reference from the Company's Annual Report on Form 10-K dated December 31, 2009 and filed with the Commission on April 14, 2009.
- (11) Incorporated by reference from the Company's Current Report on Form 8-K dated April 28, 2009 and filed with the Commission on May 6, 2009.
- (12) Incorporated by reference from the Company's Current Report on Form 8-K dated June 15, 2009 and filed with the Commission on June 19, 2009.
- (13) Incorporated by reference from the Company's Current Report on Form 8-K dated June 26, 2009 and filed with the Commission on July 2, 2009.
- (14) Incorporated by reference from the Company's Current Report on Form 8-K dated December 14, 2009 and filed with the Commission on December 18, 2009.

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- (15) Incorporated by reference from the Company's Current Report on Form 8-K dated January 5, 2010 and filed with the Commission on January 7, 2010.
- (16) Incorporated by reference from the Company's Current Report on Form 8-K dated March 11, 2010 and filed with the Commission on March 15, 2010.
- (17) Incorporated by reference from the Company's Current Report on Form 8-K dated June 25, 2010 and filed with the Commission on June 25, 2010.
- (18) Incorporated by reference from the Company's Current Report on Form 8-K dated June 30, 2010 and filed with the Commission on July 28, 2010.
- (19) Incorporated by reference from the Company's Current Report on Form 8-K dated August 3, 2010 and filed with the Commission on August 4, 2010.
- (20) Incorporated by reference from the Company's Current Report on Form 8-K dated August 20, 2010 and filed with the Commission on August 23, 2010.
- (21) Incorporated by reference from the Company's Current Report on Form 8-K dated August 20, 2010 and filed with the Commission on August 30, 2010.
- (22) Incorporated by reference from the Company's Current Report on Form 8-K/A dated August 20, 2010 and filed with the Commission on November 1, 2010.
- (23) Incorporated by reference from the Company's Current Report on Form 8-K dated November 15, 2010 and filed with the Commission on November 17, 2010.
- (24) Incorporated by reference from the Company's Current Report on Form 8-K dated December 31, 2010 and filed with the Commission on January 6, 2011.
- (25) Incorporated by reference from the Company's Current Report on Form 8-K dated March 2, 2011 and filed with the Commission on March 7, 2011.
- (26) Incorporated by reference from the Company's Current Report on Form 8-K dated April 1, 2011 and filed with the Commission on June 2, 2011.
- (27) Incorporated by reference from the Company's Current Report on Form 8-K dated August 1, 2011 and filed with the Commission on August 3, 2011.
- (28) Incorporated by reference from the Company's Current Report on Form 8-K dated August 22, 2011 and filed with the Commission on September 9, 2011.
- (29) Incorporated by reference from the Company's Current Report on Form 8-K dated October 26, 2011 and filed with the Commission on January 4, 2012.
- (30) Incorporated by reference from the Company's Current Report on Form 8-K dated December 15, 2011 and filed with the Commission on January 5, 2012.
- (31) Incorporated by reference from the Company's Current Report on Form 8-K dated February 2, 2012 and filed with the Commission on February 9, 2012.

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- (32) Incorporated by reference from the Company's Current Report on Form 8-K dated March 18, 2012 and filed with the Commission on March 23, 2012.
- (33) Incorporated by reference from the Company's Current Report on Form 8-K dated February 2, 2012 and filed with the Commission on March 26, 2012.
- (34) Incorporated by reference from the Company's Current Report on Form 8-K dated April 27, 2012 and filed with the Commission on May 2, 2012.
- (35) Incorporated by reference from the Company's Current Report on Form 8-K dated May 10, 2012 and filed with the Commission on May 16, 2012.
- (36) Incorporated by reference from the Company's Current Report on Form 8-K dated May 22, 2012 and filed with the Commission on May 25, 2012.
- (37) Incorporated by reference from the Company's Current Report on Form 8-K dated June 16, 2012 and filed with the Commission on June 19, 2012.
- (38) Incorporated by reference from the Company's Current Report on Form 8-K dated July 18, 2012 and filed with the Commission on July 19, 2012.
- (39) Incorporated by reference from the Company's Current Report on Form 8-K dated November 28, 2012 and filed with the Commission on November 29, 2012.
- (40) Incorporated by reference from the Company's Current Report on Form 8-K dated June 5, 2013 and filed with the Commission on June 6, 2013.
- (41) Incorporated by reference from the Company's Current Report on Form 8-K dated December 19, 2013 and filed with the Commission on December 23, 2013.
- (42) Incorporated by reference from the Company's Current Report on Form 8-K dated December 31, 2013 and filed with the Commission on January 2, 2014.
- (43) Incorporated by reference from the Company's Current Report on Form 8-K dated January 21, 2015 and filed with the Commission on January 21, 2015.
- (44) Incorporated by reference from the Company's Current Report on Form 8-K dated December 31, 2014 and filed with the Commission on March 31, 2015.

# Filed herewith

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Furnished, not filed.



**ATHENA SILVER CORPORATION**

**TABLE OF CONTENTS**

	Page
<u>Report of Independent Registered Public Accounting Firm</u>	F-1
Consolidated <u>Balance Sheets</u>	F-2
Consolidated <u>Statements of Operations</u>	F-3
Consolidated Statements of Cash Flows	F-4
Consolidated Statements of Stockholders' Equity	F-5
<u>Notes to Consolidated Financial Statements</u>	F-6

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of

Athena Silver Corporation

Vacaville, California

We have audited the accompanying consolidated balance sheets of Athena Silver Corporation and its subsidiary (collectively the Company) as of December 31, 2014 and 2013, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Athena Silver Corporation and its subsidiary as of December 31, 2014 and 2013 and the results of their operations and their cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America.

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 not generated any revenue and further losses are anticipated. These conditions raise significant doubt about the Company's ability to continue as a going concern. Management's plans in this regard are described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.



*/s/ MaloneBailey, LLP*

www.malonebailey.com

Houston, Texas

March 31, 2015

F-1

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**ATHENA SILVER CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**

December 31, 2014

December 31, 2013

**ASSETS**

## Current Assets

Cash and cash equivalents	\$ 8,122	\$ 16,934
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Total current assets	8,122	16,934
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Mineral rights and properties - unproven	1,758,820	1,689,297
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Total assets	\$ 1,766,942	\$ 1,706,231
--------------	--------------	--------------

**LIABILITIES AND SHAREHOLDERS' EQUITY**

## Current liabilities:

Accounts payable	\$ 68,726	\$ 70,195
------------------	-----------	-----------

Accrued liabilities	23,750	71,250
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Accrued interest - related parties	107,926	50,735
------------------------------------	---------	--------

Derivative warrant liability	7,320	17,500
------------------------------	-------	--------

Convertible notes payable - related parties	1,246,000	990,000
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Total current liabilities	1,453,722	1,199,680
---------------------------	-----------	-----------

Commitments and contingencies	-	-
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## Shareholders' equity:

Preferred stock, \$.0001 par value, 5,000,000

shares authorized, none outstanding	-	-
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Common stock, \$.0001 par value; 100,000,000		
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shares authorized, 36,002,320 issued and outstanding	3,600	3,600
--	-------	-------

Additional paid-in capital	6,580,048	6,580,048
----------------------------	-----------	-----------

Accumulated deficit	(6,270,428)	(6,077,097)
---------------------	-------------	-------------

Total shareholders' equity	313,220	506,551
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Total liabilities and shareholders' equity	\$ 1,766,942	\$ 1,706,231
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F-1

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**ATHENA SILVER CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	Years ended December 31,	
	2014	2013
Operating expenses:		
Exploration costs	\$ 19,080	\$ 49,517
Other operating costs	-	1,490
General and administrative expenses	127,240	298,414
Total operating expenses	146,320	349,421
Operating loss	(146,320)	(349,421)
Other income (expense):		
Interest expense	(57,191)	(43,011)
Change in fair value of warrant liability	10,180	34,323
Other income	-	1
Total other income (expense)	(47,011)	(8,687)
Net loss	\$ (193,331)	\$ (358,108)
Basic and diluted net loss per common share	\$ (0.01)	\$ (0.01)
Basic and diluted weighted-average common shares outstanding	36,002,320	35,859,854

F-1

## ATHENA SILVER CORPORATION

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years ended December 31,	
	2014	2013
Cash flows from operating activities:		
Net loss	\$ (193,331)	\$ (358,108)
Adjustments to reconcile net loss to net cash used in operating activities:		
Share-based compensation expense	-	154,000
Change in fair value of derivative warrant liability	(10,180)	(34,323)
Changes in operating assets and liabilities:		
Prepaid expenses	-	37,000
Accounts payable	(1,469)	(58,740)
Accrued liabilities and other liabilities	57,191	35,876
Net cash used in operating activities	(147,789)	(224,295)
Cash flows from investing activities:		
Acquisition of mineral rights	(117,023)	(205,000)
Net cash used in investing activities	(117,023)	(205,000)
Cash flows from financing activities:		
Net change in advances payable - related parties	-	(1,000)
Borrowings from notes payable - related parties	256,000	435,000
Net cash provided by financing activities	256,000	434,000
Net increase (decrease) in cash	(8,812)	4,705
Cash at beginning of period	16,934	12,229
Cash at end of period	\$ 8,122	\$ 16,934
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -
Supplemental disclosure of non-cash investing and financing activities:		
Increase in accrued liabilities applicable to mineral rights	\$ 47,500	\$ 7,916
Common stock issued for mineral rights	\$ -	\$ 340,000

*See accompanying notes to these consolidated financial statements*

F-4

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**ATHENA SILVER CORPORATION**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013**

	Common Stock		Additional	Accumulated	Total
	Shares	Amount	Paid-in Capital	Deficit	
Balance, December 31, 2012	35,002,320	\$ 3,500	\$ 6,086,148	\$ (5,718,989)	\$ 370,659
Common stock issued for mineral rights	1,000,000	100	339,900	-	340,000
Share based compensation - Director options			154,000		154,000
Net loss	-	-	-	(358,108)	(358,108)
Balance, December 31, 2013	36,002,320	3,600	6,580,048	(6,077,097)	506,551
Net loss	-	-	-	(193,331)	(193,331)
Balance, December 31, 2014	36,002,320	\$ 3,600	\$ 6,580,048	\$ (6,270,428)	\$ 313,220

*See accompanying notes to these consolidated financial statements*

F-5

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**ATHENA SILVER CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1 Organization, Liquidity and Going Concern**

*Nature of Operations*

Athena Silver 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 new wholly-owned subsidiary, Athena Minerals, Inc. ( Athena Minerals ) which owns and operates our mining interests. Since its formation, we have acquired various properties and rights and are currently determining whether those rights and properties could sustain profitable mining operations.

We have not presently determined whether our mineral properties contain mineral reserves that are economically recoverable.

Our primary focus going forward will be to continue our evaluation of our properties, and the possible acquisition of additional mineral rights and additional exploration, development and permitting activities. Our mineral lease payments, permitting applications and exploration and development efforts will require additional capital. Further information regarding our mining properties and rights are discussed below in Note 3 Mineral Rights and Properties.

*Liquidity and Going Concern*

Our consolidated 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 condensed 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, 2014, we had not yet achieved profitable operations and we have accumulated losses of \$6,270,428 since our inception. We expect to incur further losses in the development of our business, all of which casts 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. On December 31, 2014 we amended our credit agreement with Mr. John Gibbs, a related party, to increase the borrowing limit under the line of credit to \$1,500,000, which provides the Company an additional \$254,000 available under the credit line at December 31, 2014. We anticipate that additional



funding will be in the form of additional loans from officers, directors or significant shareholders, or equity financing from the sale of our common stock. Currently, there are no arrangements in place for additional equity funding or new loans.

F-7

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## **Note 2 - Summary of Significant Accounting Policies**

### ***Basis of Presentation and Principles of Consolidation***

Our consolidated financial statements include our accounts and the accounts of our wholly-owned subsidiary, Athena Minerals, Inc. All intercompany transactions and balances have been eliminated. Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ( U.S. GAAP ).

### ***Reclassifications***

Certain reclassifications may have been made to our prior year s consolidated financial statements to conform to our current year presentation. These reclassifications had no effect on our previously reported results of operations or accumulated deficit.

### ***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of expenses during the periods presented.

We make our estimate of the ultimate outcome for these items based on historical trends and other information available when the financial statements are prepared. Changes in estimates are recognized in accordance with the accounting rules for the estimate, which is typically in the period when new information becomes available.

We believe that our significant estimates, assumptions and judgments are reasonable, based upon information available at the time they were made. Actual results could differ from these estimates, making it possible that a change in these estimates could occur in the near term.

### ***Fair Value of Financial Instruments***

We value our financial assets and liabilities using fair value measurements. Our financial instruments primarily consist of cash and cash equivalents, accounts payable, accrued liabilities, amounts due to related parties and notes payable to related parties. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amount of cash and cash equivalents, accounts payable, accrued liabilities, notes payable to related parties and other amounts due to related parties approximates fair value because of the short-term nature of these financial instruments.

*Concentrations of Credit Risk*

Our financial instruments which potentially subject us to credit risk are our cash and cash equivalents. We maintain our cash and cash equivalents at reputable financial institutions and currently, we are not exposed to significant credit risk.

### ***Cash and Cash Equivalents***

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.

### ***Deferred Financing Costs***

Transaction fees, if any, incurred in connection with our related-party debt are recorded as deferred financing costs in the consolidated balance sheets and amortized to interest expense in the accompanying consolidated statements of operations using the straight-line method, which approximates the effective interest method, over the term of the underlying debt agreement. When a loan is paid in full, any unamortized financing costs are removed from the related accounts and charged to operations.

### ***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, 2014. No impairment loss was recognized during the years ended December 31, 2014 and 2013, and mineral rights are net of \$0 of impairment losses as of December 31, 2014.

### ***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.

F-9

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***Notes Payable and Credit Facility Related Parties***

Notes payable and the credit facility payable to related parties are classified as current liabilities as the note holders are control persons and have the ability to control the repayment dates of the notes.

***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.

***Share-based Payments***

We measure and recognize compensation expense or professional services expense for all share-based payment awards made to employees, directors and non-employee consultants based on estimated fair values. We estimate the fair value of stock options on the date of grant using the Black-Scholes-Merton 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 life of the options.

We expense share-based compensation, adjusted for estimated forfeitures, 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. We estimate forfeitures at the time of grant and revise those estimates in subsequent periods if actual forfeitures differ from our estimates. Our excess tax benefits, if any, cannot be credited to stockholders' equity until the deduction reduces cash taxes payable; accordingly, we realized no excess tax benefits during any of the periods presented in the accompanying consolidated financial statements.

***Income Taxes***

We account for income taxes through the use of the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, and for income tax carry-forwards. A valuation allowance is recorded to the extent that we cannot conclude that realization of deferred tax assets is more likely than not. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the

years 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 operations in the period that includes the enactment date.

We follow a two-step approach to recognizing and measuring tax benefits associated with uncertain tax positions taken or expected to be taken in a tax return. The first step is to determine if, based on the technical merits, it is more likely than not that the tax position will be sustained upon examination by a taxing authority, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement with a taxing authority. We recognize interest and penalties, if any, related to

F-10

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uncertain tax positions in our provision for income taxes in the consolidated statements of operations. To date, we have not recognized any tax benefits from uncertain tax positions.

### *Net Loss per Common Share*

We compute basic net loss per common share by dividing our net loss attributable to common shareholders by our weighted-average number of common shares outstanding during the period. Computation of diluted net loss per common share is similar to our computation of basic net loss per common share except that the numerator is increased to exclude charges which would not have been incurred, and the denominator is increased to include the number of additional common shares that would have been outstanding (using the if-converted and treasury stock methods) if securities containing potentially dilutive common shares (stock options and convertible debt) had been converted to common shares, and if such assumed conversion is dilutive.

At December 31, 2014 and 2013, 893,000 potentially dilutive shares comprised of common stock purchase warrants and shares underlying outstanding stock options have been excluded from diluted net loss per common share because the impact of such inclusion would be anti-dilutive.

### *Recently Adopted Accounting Standards*

During the year ended December 31, 2014, the Company elected to early adopt Accounting Standards Update No. 2014-10, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements. The adoption of this ASU allowed the company to remove the inception to date information and all references to development stage.

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.

### **Note 3 Mineral Rights and Properties**

Our mineral rights and mineral properties consist of:

	<b>December 31, 2014</b>		<b>December 31, 2013</b>	
Mineral properties	\$	156,707	\$	135,684
Mineral rights – Langtry Project		1,602,113		1,553,613
Mineral rights and properties	\$	1,758,820	\$	1,689,297

### *Mineral Properties*

During the second quarter of 2014, we purchased of 160 acres of land, located in the eastern Calico Mining District, San Bernardino County, California. The parcel is the SE quarter of Section 25, Township 10 North, Range 1 East and



is mostly surrounded by public lands. It was purchased for \$21,023 in a property tax auction conducted on behalf of the County. The eastern part of the Calico Mining District is best known for industrial minerals and is not known to have any precious metal deposits. It is not known at this time if there has ever been any mineral exploration or production on the acquired property.

F-11

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In 2012, we purchased 661 acres of land ( Section 13 Property ) in fee simple for \$135,684 cash, located in San Bernardino County, California, that was sold in a property tax auction conducted on behalf of the County. The parcel is all of Section 13 located in Township 7 North, Range 4 East, San Bernardino Base & Meridian.

The Section 13 property is near the Lava Beds Mining District and has evidence of historic mining. It is adjacent to both the Silver Cliffs and Silver Bell historic mines. The property is located in the same regional geologic area known as the Western Mojave Block that includes our flagship Langtry Project. The property is approximately 28 miles southeast of our Langtry Project.

### ***Mineral Rights***

In 2010, we entered into a 20 year Mining Lease with Option to Purchase (the Langtry Lease or the Lease ) granting us the exclusive right to explore, develop and conduct mining operations on a group of 20 patented mining claims consisting of approximately 413 acres that comprise our Langtry Property. Effective November 28, 2012, December 19, 2013 and January 21, 2015, we executed Amendments No. 1, 2 and 3, respectively, to the Langtry Lease modifying certain terms.

Under Amendment No. 3 to the Lease, the Lessor was issued 200,000 shares of restricted Athena common stock as compensation for the modifications.

The following summarizes the current significant provisions of the Lease, as amended:

The Lease commenced March 15, 2010, and has a term of 20 years expiring March 15, 2030; with an option to extend an additional five years to 2035, and thereafter for so long as there is Commercial Silver Production, defined as at least 100,000 troy ounces of aggregate production per year.

The Lease requires us to pay annual cash lease rental payments, in arrears, of \$60,000 to \$100,000 on March 15th of each year during the first five years of the Lease.

The Lease requires us to pay annual cash lease rental payments, in arrears, of \$100,000 to \$200,000 (or the market price of 10,000 to 20,000 troy ounces of silver, whichever is higher (the Silver Price Link to Rent )) on March 15th of each year during the final 15 years of the Lease (i.e. 2016 through 2030).

Rent for the years 2016 through 2025 is capped at \$100,000 per year unless Commercial Silver Production has been achieved, in which case the Silver Price Link to Rent shall apply.

The annual cap on rent of \$100,000 shall be eliminated, and the Silver Price Link to Rent shall apply, for any year ending December 31 (for the following March 15 rent payment) in which the London Silver Fix is \$60 or more for the continuous six month period beginning July 1 and ending December 31.

The annual lease payment of \$100,000 due on March 15, 2015 will be payable \$30,000 in cash and \$70,000 deferred until 12 months after Commercial Silver Production is achieved.

The annual lease payment of \$100,000 due on March 15, 2016 will be payable \$40,000 in cash and \$60,000 deferred until 12 months after Commercial Silver Production is achieved.

We have the right to eliminate the Silver Price Link to Rent from 2020 through March 15, 2026 by making a one-time payment to the Lessor in an amount equal to the London Silver Fix price of 25,000 troy ounces of silver. The elimination of the Silver Price Link to Rent will be rescinded, however, if and when we achieve Commercial Silver Production.

The lessor is entitled to a net smelter royalty of 3% of mineral production beginning in the sixth year of the Lease.

Upon payment in full of both the Equity Consideration (which was completed in 2013), and Cash Consideration payments totaling \$1,750,000 (of which a total of \$250,000 was paid during 2012 and 2013), the Lessor's 3% net smelter royalty on production will be eliminated entirely. Any payments already made, or made in the future, towards the Cash Consideration will reduce the 3% net smelter production royalty to the Lessor on a pro-rata basis. The remaining optional Cash Consideration payments of \$250,000, \$250,000, \$500,000 and \$500,000 are due on January 15<sup>th</sup> of 2017, 2018, 2019 and 2020, respectively.

We shall have the option to purchase the Langtry patented claims during the period beginning January 15, 2015 and ending March 15, 2020 for \$10 million plus transaction costs upon 30 days written notice to the Lessor provided that all payments due to the lessor are current as of the date of the exercise of the option to purchase.

If we are in breach of the Lease, the Lessor will have the option to terminate the Lease by giving us 30 days written notice. The Lease also provides us with the right to terminate the Lease without penalty on March 15<sup>th</sup> of each year during the Lease term by giving the lessor 30 days written notice of termination on or before February 13<sup>th</sup> of each year.

The Langtry Property is also subject to a three percent (3%) net smelter royalty in favor of Mobil Exploration and Producing North America Inc. from the sale of concentrates, precipitates or metals produced from ores mined from the royalty acreage. In addition, there is an additional incremental 2% royalty on net smelter proceeds from silver sales above \$10.00 per troy ounce plus an additional incremental 2% royalty on net smelter proceeds from silver sales

above \$15.00 per troy ounce.

During the term of the Lease, Athena Minerals has the exclusive right to develop and conduct mining operations on the Langtry Property. Future lease payments and/or exploration and development of this property will require new equity and/or debt capital.

During the year ended December 31, 2014 we capitalized a total of \$69,523 as mineral properties and rights. This amount included the purchase of the 160 acres located in the Calico Mining District in San Bernardino County, California as discussed above in Mineral properties. It also includes various other payments and accruals for obligations related to our Langtry lease also as discussed above.

During the year ended December 31, 2013 we capitalized \$559,135 of lease rental and lease amendment payments related to an amendment of the lease and associated buy-down of a royalty payable to the lessor. These amounts are an increase to mineral rights and properties.

All commitments and obligations under the Lease have been fulfilled to date. Future lease payments and/or exploration and development of this property will require new equity and/or debt capital.

**Note 4 - Fair Value of Financial Instruments**

Financial assets and liabilities recorded at fair value in our condensed consolidated balance sheets are categorized based upon a fair value hierarchy established by GAAP, which prioritizes the inputs used to measure fair value into the following levels:

Level 1 Quoted market prices in active markets for identical assets or liabilities at the measurement date.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable and can be corroborated by observable market data.

Level 3 Inputs reflecting management's best estimates and assumptions of what market participants would use in pricing assets or liabilities at the measurement date. The inputs are unobservable in the market and significant to the valuation of the instruments.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Financial assets and liabilities measured at fair value on a recurring basis are summarized below:

	<b>Carrying Value at December 31, 2014</b>	<b>Fair Value Measurement at December 31, 2014</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Derivative warrant liability	\$ 7,320	\$	\$	\$ 7,320
	<b>Carrying Value at December 31, 2013</b>	<b>Fair Value Measurement at December 31, 2013</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Derivative warrant liability	\$ 17,500	\$	\$	\$ 17,500

The carrying amount of cash and cash equivalents, prepaid expenses, accounts payable, and accrued liabilities, approximates fair value because of the short-term nature of these financial instruments. We are unable to estimate the fair value of amounts due to related parties, including advances payable and our credit facility to related parties, without incurring excessive costs because quoted market prices are not available, we have not developed the valuation model necessary to make these estimates, and the cost of obtaining independent valuations would be excessive.

**Note 5 Derivative Warrant Liability**

Effective February 7, 2012, and pursuant to an Advisor Agreement with GVC Capital, LLC dated January 30, 2012, we sold and issued warrants exercisable to purchase an aggregate of 143,000 common shares at an exercise price of \$0.25 per share at any time within five years of the date of their issuance in consideration of \$100 cash and investor relation services with a fair value of \$35,793. The warrants have anti-dilution provisions, including a provision for adjustments to the exercise price and

to the number of warrant shares purchasable if we issue or sell common shares at a price less than the then current exercise price.

We determined that the warrants were not afforded equity classification because the warrants are not considered to be indexed to our own stock due to the anti-dilution provision. Accordingly, the warrants are treated as a derivative liability and are carried at fair value. We estimate the fair value of these derivative warrants at each balance sheet date and the changes in fair value are recognized in earnings in our condensed consolidated statement of operations under the caption "change in fair value of derivative warrant liability" until such time as the derivative warrants are exercised or expire.

The change in fair value of our derivative warrant liability is as follows:

Balance, December 31, 2012	\$ 51,823
Total gains (unrealized/realized)	
included in net loss	(34,323)
Balance, December 31, 2013	17,500
Total gains (unrealized/realized)	
included in net loss	(10,180)
Balance, December 31, 2014	\$ 7,320

We estimate the fair value of our derivative warrants on the date of issuance and each subsequent balance sheet date 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 warrants. Currently, we believe that the potential impact to the fair value of our derivative warrants attributable to the anti-dilution provision is insignificant and we will consider using a lattice model for purposes of valuation if and when the fair value of the anti-dilution provision becomes significant. 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 derivative warrants.

The following table summarizes the assumptions used to value our derivative warrants at December 31, 2014:

<b>Fair value assumptions</b>	<b>derivative warrants:</b>	<b>Year Ended</b>
		<b>December 31, 2014</b>
Risk free interest rate		0.67%
Expected term (years)		2.1
Expected volatility		112%
Expected dividends		0%



The following table summarizes the assumptions used to value our derivative warrants at December 31, 2013:

<b>Fair value assumptions</b>	<b>derivative warrants:</b>	<b>Year Ended</b> <b>December 31, 2013</b>
Risk free interest rate		0.78%
Expected term (years)		3.1
Expected volatility		91%
Expected dividends		0%

#### **Note 6 Convertible Notes Payable Related Party**

##### *Notes Payable Related Parties*

Effective July 18, 2012, we entered into a Credit Agreement with Mr. Gibbs, a significant shareholder, providing us with an unsecured credit facility in the maximum amount of \$1,000,000. The aggregate principal amount borrowed, together with interest at the rate of 5% per annum, was due in full on July 31, 2014, and is convertible, at the option of the lender, into common shares at a conversion price of \$0.50 per share. On December 31, 2013 we amended the credit agreement to increase the borrowing limit under the line of credit to \$1,250,000 and extend the maturity date to December 31, 2014. Again, on December 31, 2014 we amended the credit agreement to increase the borrowing limit under the line of credit to \$1,500,000 and extended the maturity date to December 31, 2015. All other provisions

under the agreement remained unchanged. The Company evaluated the convertible line of credit for derivative and beneficial feature conversion and concluded that there is no beneficial conversion as the market price and conversion price are the same.

The credit facility also contains customary representations and warranties (including those relating to organization and authorization, compliance with laws, payment of taxes and other obligations, absence of defaults, material agreements and litigation) and customary events of default (including those relating to monetary defaults, covenant defaults, cross defaults and bankruptcy events).

Total principal amounts owed under the credit facility notes payable were \$1,246,000 and \$990,000 at December 31, 2014 and 2013, respectively.

Borrowings under our convertible note payable to Mr. Gibbs for the year ended December 31, 2014 totaled \$256,000, which was used to pay certain mining lease obligations and property as discussed in Note 2 Mineral Rights and Properties and operating expenses. No principal or interest payments were made to Mr. Gibbs during either the years ended December 31, 2014 or 2013.

Total accrued interest on the notes payable to Mr. Gibbs were \$107,926 and \$50,735 at December 31, 2014 and 2013, respectively, and are included in Accrued interest - related parties on the accompanying balance sheets.

***Interest Expense Related Parties***

Total related party interest expense was \$57,191 and \$43,011 for the years ended December 31, 2014 and 2013, respectively.

**Note 7 - Commitments and Contingencies**

We are subject to various commitments and contingencies under the Langtry Lease as discussed in Note 3 Mining Rights and Properties. All commitments and obligations under the Lease have been fulfilled to date.

**Note 8 - Share-based Compensation**

***2004 Equity Incentive Plan***

The 2004 Equity Incentive Plan terminated on December 10, 2014. As of December 31, 2014, there were 150,000 incentive stock options outstanding under the Plan with an exercise price of \$0.43 and expire on August 1, 2016.

***Stock Options***

A summary of our stock option activity for the years ended December 31, 2014 and 2013 is as follows:

	Shares	Weighted Average Exercise Price
Outstanding at December 31, 2012	150,000	\$0.43
Options granted	600,000	\$0.26

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Outstanding at December 31, 2013	750,000	\$0.29
Options granted or expired	-	
Outstanding at December 31, 2014	750,000	\$0.29

On April 8, 2013, we granted 200,000 options with a grant date fair value of \$0.26 per share to each of our three directors, which were 100% vested on the grant date. These options expire on April 8, 2018, and have an exercise price of \$0.26 per share, which was the market price of our common stock on the date of grant. At December 31, 2014, these options have a weighted average remaining contractual life of 3.3 years. The options were determined to have a fair value of \$154,000, which was charged to share based compensation expense on the grant date. The weighted average contractual life of all outstanding options was 2.9 years at December 31, 2014.

No share based compensation expense was recorded for the year ended December 31, 2014.

F-17

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## **Note 9 Related Party Transactions**

### ***Conflicts of Interests***

Magellan Gold Corporation ( Magellan ) is a company under common control. Mr. Power is a significant shareholder, director and CEO of both Athena and Magellan. Mr. Gibbs is a significant shareholder and creditor (see Note 6 Convertible Notes Payable Related Party), 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.

During early 2014, we pursued an opportunity to lease certain BLM lode claims in Esmeralda County, Nevada from an unrelated third party. As part of this effort, we incurred costs to evaluate the potential opportunity. Based on the evaluation, the Board of Directors decided to not pursue this lease opportunity. Subsequently, Silver Saddle Resources, LLC decided to pursue this opportunity and agreed to pay us for certain costs we had incurred during the evaluation, and on March 31, 2014 Silver Saddle paid the Company \$586 for those expenditures. The payment was recorded as a reduction of the expenditures incurred.

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 Related Parties***

The Company is subject to a month-to-month management agreement with Mr. Power requiring a monthly payment, in advance, of \$2,500 as consideration for the day-to-day management of Athena. For each of the years ended December 31, 2014 and 2013, a total of \$30,000 was recorded as management fees and are included in general and administrative expenses in the accompanying Consolidated Statements of Operations. As of December 31, 2014 all management fees due Mr. Power had been paid.

### ***Accrued Interest - Related Parties***

At December 31, 2014 and 2013, Accrued interest - related parties represented accrued interest payable to Mr. Gibbs in the amounts of \$107,926 and \$50,735, respectively.

*Advances Payable - Related Parties*

Mr. Power has on occasion advanced the Company funds generally utilized for day-to-day operating requirements. These advances are non-interest bearing and are generally repaid as cash becomes available.

F-18

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During the year ended December 31, 2014, Mr. Power advanced the Company a total of \$334, all of which was repaid during the period. There were no outstanding advances at either December 31, 2014 or 2013.

During the year ended December 31, 2013, Mr. Power advanced the Company an additional \$5,750 and was repaid the outstanding balance of \$6,750.

The Company also utilizes credit cards owned by Mr. Power to pay various obligations when an online payment is required, the availability of cash is limited, or the timing of the payments is considered critical. At December 31, 2014 a total of \$806 of Company charges was outstanding on his credit cards and is included in the accounts payable balance at December 31, 2014. No such amounts were outstanding at December 31, 2013.

### Note 10 - Income Taxes

Our net operating loss carry forward as of December 31, 2014 is \$6,000,648 which may be used to offset future income taxes through 2035. 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 2014 and 2013 is as follows:

	<b>Years Ended December 31,</b>	
	<b>2014</b>	<b>2013</b>
Expected federal income tax benefit at statutory rate	\$ 65,733	\$ 69,397
State taxes	6,767	7,144
Change in valuation allowance	(72,500)	(76,541)
Income tax benefit	\$	\$

Our deferred tax assets as of December 31, 2014 and 2013 were as follows:

	<b>December 31,</b>	
	<b>2014</b>	<b>2013</b>
Net operating loss	\$ 2,250,243	\$ 2,177,744
Valuation allowance	(2,250,243)	(2,177,744)
Deferred tax assets, net of allowance	\$	\$

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.

**Note 11 - Subsequent Events**

Effective January 21, 2015 we executed Amendment 3 to the Langtry Lease which, among other things, deferred certain required and optional payments due the lessor. As compensation for the modifications under Amendment 3, on January 28, 2015 we issued 200,000 shares of the Company's common stock to the lessor. Further information regarding these transactions is included in Note 3 Mineral Rights and Properties.

F-19

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Subsequent to December 31, 2014 the Company borrowed an additional \$45,000 under the credit agreement from Mr. Gibbs.

F-20

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**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 SILVER CORPORATION

Date: April 3, 2015

By /s/ John C. Power

John C. Power

Chief Executive Officer, President,

Chief Financial Officer, Secretary & Director

(Principal Executive 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>	Chief Executive Officer, President,	April 3, 2015
John C. Power	Chief Financial Officer, Secretary & Director (Principal Executive Officer) (Principal Accounting Officer)	
<u>/s/ Brian Power</u>	Director	April 3, 2015
Brian Power		
<u>/s/ LeRoy Wilkes</u>	Director	April 3, 2015
LeRoy Wilkes		