

Edgar Filing: ATHENA SILVER CORP - Form 10-K

ATHENA SILVER CORP

Form 10-K

April 02, 2018

ATHENA SILVER CORP 0001304409 10-K 2017-12-31 --12-31 asc Smaller Reporting Company Yes No No false  
2017 FY 0001304409 2017-01-01 2017-12-31 0001304409 2017-12-31 0001304409 2017-06-30 0001304409  
2018-04-02 0001304409 2016-12-31 0001304409 2016-01-01 2016-12-31 0001304409 2015-12-31 0001304409  
us-gaap:RetainedEarningsMember 2017-01-01 2017-12-31 0001304409 us-gaap:CommonStockMember 2015-12-31  
0001304409 us-gaap:AdditionalPaidInCapitalMember 2015-12-31 0001304409 us-gaap:RetainedEarningsMember  
2015-12-31 0001304409 us-gaap:CommonStockMember 2016-01-01 2016-12-31 0001304409  
us-gaap:AdditionalPaidInCapitalMember 2016-01-01 2016-12-31 0001304409 us-gaap:RetainedEarningsMember  
2016-01-01 2016-12-31 0001304409 us-gaap:CommonStockMember 2016-12-31 0001304409  
us-gaap:AdditionalPaidInCapitalMember 2016-12-31 0001304409 us-gaap:RetainedEarningsMember 2016-12-31  
0001304409 us-gaap:CommonStockMember 2017-12-31 0001304409 us-gaap:AdditionalPaidInCapitalMember  
2017-12-31 0001304409 us-gaap:RetainedEarningsMember 2017-12-31 0001304409 2010-01-01 2017-12-31  
0001304409 fil:MineralPropertiesMember 2017-12-31 0001304409 fil:MineralPropertiesMember 2016-12-31  
0001304409 fil:MineralRightsLangtryProjectMember 2017-01-01 2017-12-31 0001304409  
fil:MineralRightsLangtryProjectMember 2017-12-31 0001304409 fil:MineralRightsLangtryProjectMember  
2016-12-31 0001304409 fil:MineralRightsAndPropertiesMember 2017-12-31 0001304409  
fil:MineralRightsAndPropertiesMember 2016-12-31 0001304409 fil:MineralPropertiesSection16PropertyMember  
2017-01-01 2017-12-31 0001304409 fil:MineralPropertiesCastleRockMember 2017-01-01 2017-12-31 0001304409  
fil:MineralPropertiesSection13PropertyMember 2017-01-01 2017-12-31 0001304409  
us-gaap:FairValueInputsLevel1Member 2017-12-31 0001304409 us-gaap:FairValueInputsLevel2Member 2017-12-31  
0001304409 us-gaap:FairValueInputsLevel3Member 2017-12-31 0001304409  
us-gaap:FairValueInputsLevel1Member 2016-12-31 0001304409 us-gaap:FairValueInputsLevel2Member 2016-12-31  
0001304409 us-gaap:FairValueInputsLevel3Member 2016-12-31 0001304409 fil:DerivativeWarrantsMember  
2016-12-31 2016-12-31 0001304409 fil:DerivativeNoteDiscountMember 2017-12-31 2017-12-31 0001304409  
fil:DerivativeNoteDiscountMember 2016-12-31 2016-12-31 0001304409 fil:DerivativeNoteDiscountMember  
2017-12-31 0001304409 fil:DerivativeNoteDiscountMember 2016-12-31 0001304409  
fil:JohnDGibbsASignificantShareholderMember 2017-01-01 2017-12-31 0001304409  
fil:JohnDGibbsASignificantShareholderMember 2017-12-31 0001304409  
fil:JohnDGibbsASignificantShareholderMember 2016-12-31 0001304409  
fil:ConvertibleNotesPayableRelatedPartiesMrGibbsMember 2017-01-01 2017-12-31 0001304409  
fil:ConvertibleNotesPayableRelatedPartiesMrGibbsMember 2016-01-01 2016-12-31 0001304409  
fil:JohnPowerPresidentCeoMember 2017-01-01 2017-12-31 0001304409 fil:JohnPowerPresidentCeoMember  
2017-12-31 0001304409 fil:JohnPowerPresidentCeoMember 2016-12-31 0001304409 fil:RelatedPartiesMember  
2017-01-01 2017-12-31 0001304409 fil:RelatedPartiesMember 2016-01-01 2016-12-31 0001304409  
fil:MrPowerMember 2017-01-01 2017-12-31 0001304409 fil:MrPowerMember 2016-01-01 2016-12-31 0001304409  
fil:MrPowerMember 2017-12-31 0001304409 fil:MrPowerMember 2016-12-31 0001304409 fil:MrGibbsMember  
2017-12-31 0001304409 fil:MrGibbsMember 2016-12-31 xbrli:pure iso4217:USD xbrli:shares iso4217:USD  
xbrli:shares

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, 2017

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)

<b>Delaware</b>	900775276
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification number)
<b>2010A Harbison Drive # 312, Vacaville, CA</b>	<b>95687</b>
(Address of principal executive offices)	(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, \$0.0001 par value**

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 [ X ]

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 [ X ] 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 [ X ] No [ ]

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

---

1

---

Edgar Filing: ATHENA SILVER CORP - Form 10-K

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, a smaller reporting company, or an emerging growth company. See definition of “large accelerated filer”, “accelerated filer”, “smaller reporting company”, and “emerging growth company” in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller Reporting Company

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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: \$985,285 based upon the last sale price of \$0.13 as reported on the OTC.QB effective June 30, 2017.

The number of shares outstanding of the registrant’s common stock, as of April 2, 2018 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.

---

2

---

## 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

---

## **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.

In March 2016, we entered into a new lease/option agreement further described herein that replaced the prior mining lease and its amendments #1, #2 and #3. In addition to the patented claims controlled through this mining lease, the Company has staked and acquired unpatented mining claims that together represent the Langtry project.

On September 28, 2015, at the request of the Company and its advisors, the San Bernardino County Land Use Services Department (the “Department”) issued and recorded a Certificate of Land Use Compliance for Vested Land Use in which the Department formally determined that the Langtry property had the legally established right for mineral resource development activity (the “Vested Right”). The Vested Right is subject to certain conditions set forth in the Certificate and runs with the Langtry property in perpetuity.

The Company has evaluated its mineral rights and properties as of December 31, 2017. As a result of the evaluation, the Company recognized an impairment loss of \$1,885,816 associated with the Langtry project. The current impairment analysis and conclusion considered the Company’s historical operating losses and the likelihood that such



losses would continue in the future due to the prolonged depression in silver prices which make further exploration and development activity uneconomical. As such, the Company impaired at 100% all capitalized lease and maintenance payments made prior to the Lease Option agreement of March 10, 2016, as well as the deed amendment fee of \$150,000 that provides for a royalty cap upon any future production activities. The unimpaired portion of the mineral rights totaling \$42,357 represents payments under the Langtry lease purchase option totaling \$42,337, and the lease payment of \$20 representing the amount paid for the 20 year lease at \$1 per year.

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 a director (and formerly President and CEO) 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/OPTION**

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 (“Langtry” or the “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.

Effective March 10, 2016, we executed and delivered new Lease/Purchase Option (“Lease/Option”) covering our flagship Langtry Property located in the Calico Mining District, San Bernardino County, California. The Lease/Option also includes two unpatented mining claims in the Calico Mining District known as the Lilly #10 and Quad Deuce XIII (the “Langtry Unpatented Claims”), which we have previously owned and agreed to transfer to the Lessor subject to the Lease/Option. The new Lease/Option supersedes all prior agreements. The following is a summary of the highlights of the new Lease/Option, which is qualified in its entirety by the provisions of the Lease/Option which was filed as Exhibit 10.1 to our Current Report dated March 10, 2016:

- The Lease/Option has a term of 20 years, and grants an exclusive right to explore, develop and purchase the Langtry property. Rent payments under the Lease are a nominal \$1 per year which was paid in full but contingent upon the option being maintained in good standing.

- Option payments: in order to maintain the option to purchase, we are required to pay option payments (“Option Payments”) on March 15th of every year as follows: \$40,000 year 1 that was paid for the period through March 15, 2017; the greater of \$40,000 or the spot price of 2,500 ounces of silver in years 2 through 5; the greater of \$50,000 or the spot price of 2,500 ounces of silver in years 6 through 10; the greater of \$75,000 or the spot price of 3,750 ounces

of silver in years 11

---

5

---

through 15; and the greater of \$100,000 or the spot price of 5,000 ounces of silver in years 16 through 20. The spot price of silver shall be defined as the average price of the London Fix as reported in the Wall Street Journal or another reliable source for the calendar month for the month prior to each payment date (i.e. the month of February).

- 50% of all Option Payments are credited against the purchase price should the Company exercise the purchase option.

- Option Purchase Price: We have the option to purchase fee title to the Langtry Property for the full 20 year term of the Lease/Option. The purchase price is:

- Years 1 through 3 (3-15-2016 to 3-15-2019): \$5,000,000

- Years 4 through 5 (3-15-2019 to 3-15-2021): the greater of \$5,000,000 or the spot price of 250,000 troy ounces of silver, plus payment of the deferred rent of \$130,000;

- Years 6 through 10 (3-15-2021 to 3-15-26): the greater of \$7,500,000 or the spot price of 375,000 troy ounces of silver, plus payment of the deferred rent of \$130,000;

- Years 11 through 20 (3-15-2026 to 3-15-2036): the greater of \$10,000,000 or the spot price of 500,000 troy ounces of silver, plus payment of the deferred rent of \$130,000.

- During the lease term, and provided the purchase option has not been exercised, the lessor is entitled to receive a 2% NSR on silver production and a 3% to 5% royalty on other mineral production and certain other revenue streams;

- After exercise of the purchase option, the lessor will not receive royalties on silver or other precious metals production but will receive a 5% royalty on barite production and other revenue streams.

- Deferred rent of \$130,000 under the prior lease shall be payable upon exercise of the purchase option or upon Athena entering into a joint venture or other arrangement to develop the Langtry prospect.

- If we are in breach of the Lease/Option, 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 15th of each year during the Lease term by giving the lessor 30 days written notice of termination on or before February 13th of each year.

- The Langtry Property is also subject to a 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. The agreement dated April 30, 1987 granted a base net smelter royalty of 3% plus 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.

- On May 28, 2015 we executed an amendment to the deed reserving the Mobil Exploration royalty to cap at 2% the net smelter royalty that would be due to Mobil Exploration and Producing North America Inc. ("Mobil") from any future sales of concentrates, precipitates or metals produced from ores mined from the royalty acreage. In consideration for the amendment, we agreed to pay an amendment fee of \$150,000, with \$10,000 due at the time of the agreement and the balance payable \$10,000 each June 1st until paid in full. We have paid a total of \$30,000 so far on this agreement. If we sell our interest in the Lease or enter into an agreement, joint venture or other agreement for

the exploration and development of the Langtry Property, the amendment fee shall become due and payable immediately.

During the term of the Lease/Option, 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.

The Company has evaluated its mineral rights and properties as of December 31, 2017. As a result of the evaluation, the Company recognized an impairment loss of \$1,885,816 associated with the Langtry project. The current impairment analysis and conclusion considered the Company's historical operating losses and the likelihood that such losses would continue in the future due to the prolonged depression in silver prices which make further exploration and development activity uneconomical. As such, the Company impaired at 100% all capitalized lease and maintenance payments made prior to the Lease Option agreement of March 10, 2016, as well as the deed amendment fee of \$150,000 that provides for a royalty cap upon any future production activities. The unimpaired portion of the mineral rights totaling \$42,357 represents payments under the Langtry lease purchase option totaling \$42,337, and the lease payment of \$20 representing the amount paid for the 20 year lease at \$1 per year.

## **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. In Jan 2013, we over staked one additional unpatented mining claim. In August 2015, we acquired 15 unpatented mining claims adjacent to our existing holdings. These 38 unpatented claims 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

---

7

---

**CAMC300273**Clipper #20

**CAMC300274**Clipper #21

**CAMC300275**Clipper #22

**CAMC300276**Clipper #23

**CAMC300277**Clipper #24

On January 15, 2013, we over-staked with the BLM an existing claim, (CAMC0306178) Quad Duece XIII. The claim we over-staked Lilly #10 (CACM 290263) was later acquired in August 2015. Both the Lilly#10 and Quad Deuce XIII were assigned to the Lessor and included in our rights under the Lease/Option.

In August 2015 the Company acquired by deed conveyance 15 unpatented mining claims in the Calico Mining District in San Bernardino, California from a third party. One of these claims was subsequently transferred to the Lessor subject to the Lease/Option. The claims are contiguous to our existing unpatented and patented claims known as the Langtry Property. In consideration of the conveyance, the Company agreed to pay \$10,000, payable in equal monthly installments of \$1,000 beginning on September 1, 2015. The Company has completed all required payments. These claims were renewed with the BLM in August 2015, 2016 and 2017 and are in good standing until August 31, 2018.

There is a recorded lien granted to a third party on these claims granted by the former owner. We are attempting to get a release of this lien as we no longer believe it is valid. However, we can make no assurances that a lien release can be obtained and that the lien is no longer valid.

CAMC 0290264 LILLY #11

CAMC 0290265 LILLY #12

CAMC 0290266 LILLY #13

CAMC 0290267 LILLY #14

CAMC 0290268 LILLY #15

CAMC 0290269 LILLY #16

CAMC 0290270 LILLY #17

CAMC 0290271 LILLY #18

CAMC 0290272 LILLY #19

CAMC 0289957 SILVERADO #30

CAMC 0289958 SILVERADO #31

CAMC 0289960 SILVERADO #33

CAMC 0289962 SILVERADO #35

CAMC 0289963 SILVERADO #36





## **OTHER UNPATENTED MINING CLAIMS**

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 renewed these claims annually until 2017 when we elected let these claims lapse as of August 31, 2017 to reduce our costs.. 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

There are no capitalized costs associated with this property.

## **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.

#### **SECTION 16 PROPERTY**

In August 2016, we purchased 30+/- acres of land located in the Calico Mining District, San Bernardino County, California. The parcel is in the SE quarter of Section 16, Township 10 North, Range 1 East and is adjacent to patented mining claims and public lands. It was purchased for approximately \$28,600 from an unrelated third party.

---

9

---

## **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

---

10

---

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 1,200 acres and consists of 20 patented and 2 unpatented lode mining claims held under the Strachan Lease and 36 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.

### *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. Argentobarite 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.

---

<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.

---

## *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 the option/lease agreement between Strachan and Athena. The claim not approved for patent known as Lilly 10 or Quad Deuce XIII is also held under the option lease agreement between Strachan and 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.

---

14

---

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.

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

The Company has evaluated its mineral rights and properties as of December 31, 2017. As a result of the evaluation, the Company recognized an impairment loss of \$1,885,816 associated with the Langtry project. The current impairment analysis and conclusion considered the Company's historical operating losses and the likelihood that such losses would continue in the future due to the prolonged depression in silver prices which make further exploration and development activity uneconomical. As such, the Company impaired at 100% all capitalized lease and maintenance payments made prior to the Lease Option agreement of March 10, 2016, as well as the deed amendment fee of \$150,000 that provides for a royalty cap upon any future production activities. The unimpaired portion of the mineral rights totaling \$42,357 represents payments under the Langtry lease purchase option totaling \$42,337, and the lease payment of \$20 representing the amount paid for the 20 year lease at \$1 per year.

#### **No Proven or Probable Mineral Reserves/Exploration Stage Company**

We are considered an exploration stage company under SEC criteria since we have not demonstrated the existence of proven or probable mineral reserves at any of our properties. In Industry Guide 7, the SEC defines a "reserve" as that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Proven or probable mineral reserves are those reserves for which (a) quantity is computed and (b) the sites for inspection, sampling, and measurement are spaced so closely that the geologic character is defined and size, shape and depth of mineral content can be established (proven) or the sites are farther apart or are otherwise less adequately spaced but high enough to assume continuity between observation points (probable). Mineral Reserves cannot be considered proven or probable unless and until they are supported by a feasibility study, indicating that the mineral reserves have had the requisite geologic, technical and economic work performed and are economically and legally extractable.

We have not completed a feasibility study with regard to all or a portion of any of our properties to date. Any mineralized material discovered or extracted by us should not be considered proven or probable mineral reserves. As of December 31, 2017, none of our mineralized material met the definition of proven or probable mineral reserves. We expect to remain an exploration stage company for the foreseeable future, even though we were extracting and processing mineralized material. We will not exit the exploration stage until such time, if ever, that we demonstrate the existence of proven or probable mineral reserves that meet the guidelines under SEC Industry Guide 7.

#### **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.

---

15

---

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:

- examining underground characteristics of mineralization that were previously identified;
- conducting more detailed geologic mapping;
- conducting more advanced geochemical and geophysical surveys;
- conducting more extensive trenching; and
- 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:

	<b>Year Ended December 31,</b>					
	<b>2017</b>		<b>2016</b>		<b>2015</b>	
	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>
Silver	\$ 18.56	\$ 15.22	\$ 20.71	\$ 13.58	\$ 18.23	\$ 13.71

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 have expressed substantial doubt about our ability 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 report of our auditors issued in connection with our financial statements for the years ended December 31, 2017 and 2016, 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 substantially impaired our Langtry Project.**

The Company has evaluated its mineral rights and properties as of December 31, 2017. As a result of the evaluation, the Company recognized an impairment loss of \$1,885,816 associated with the Langtry project. The current impairment analysis and conclusion considered the Company's historical operating losses and the likelihood that such losses would continue in the future due to the prolonged depression in silver prices which make further exploration and development activity uneconomical. As such, the Company impaired at 100% all capitalized lease and maintenance payments made prior to the Lease Option agreement of March 10, 2016, as well as the deed amendment fee of \$150,000 that provides for a royalty cap upon any future production activities. The unimpaired portion of the mineral rights totaling \$42,357 represents payments under the Langtry lease purchase option totaling \$42,337, and the lease payment of \$20 representing the amount paid for the 20 year lease at \$1 per year.

#### **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 only executive officer of Athena. 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

---

20

---

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 all of the 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, 2017, the high and low settlement prices for silver were \$20.71 and \$13.58 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 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.**

---

25

---



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.**

---

26

---

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

---

27

---

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.

**As we do not 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

---

28

---

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.

**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 and other properties are contained in the Business discussion in this Report.

**ITEM 3. LEGAL PROCEEDINGS**

None.

**ITEM 4. REMOVED AND RESERVED**

---

30

---

**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 OTC.QB of the OTC Markets Group, Inc. under the symbol "AHNR." The reported high and low prices for our common stock are shown below for the period from January 1, 2016 through December 31, 2017. All quoted prices reflect inter-dealer prices without retail markup, mark-down or commission and may not necessarily represent actual transactions.

	2017		2016	
	High	Low	High	Low
First quarter ended March 31	\$ 0.06	\$ 0.10	\$ 0.12	\$ 0.02
Second quarter ended June 30	\$ 0.06	\$ 0.14	\$ 0.12	\$ 0.05
Third quarter ended September 30	\$ 0.02	\$ 0.14	\$ 0.15	\$ 0.07
Fourth quarter ended December 31	\$ 0.03	\$ 0.08	\$ 0.10	\$ 0.05

**Registered Holders of our Common Stock**

As of April 2, 2018, there were approximately 55 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.

## Equity Compensation Plan Information

The Company has no equity compensation plans.

## 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

---

32

---

Calico Mountains northeast of Barstow, in San Bernardino County, California. We also entered into amendments #1, #2 and #3 to the lease.

In March 2016, we entered into a new lease/option agreement that replaced the prior mining lease and its amendments #1, #2 and #3. In addition to the patented claims controlled through this mining lease, the Company has staked and acquired unpatented mining claims that together represent the Langtry project.

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. Since the completion of these work programs on the property, we have not had the resources to do further field work and have focused on other ways to maximize value through the renegotiation of our lease obligation into a more favorable lease/option agreement, renegotiating the net smelter royalty on the Langtry patented claims, acquiring additional mining claims adjacent to the Langtry patented claims and working with San Bernardino County to confirm our vested mining right for the Langtry patented claims held under the lease/option agreement.

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.

The Company has evaluated its mineral rights and properties as of December 31, 2017. As a result of the evaluation, the Company recognized an impairment loss of \$1,885,816 associated with the Langtry project. The current impairment analysis and conclusion considered the Company's historical operating losses and the likelihood that such losses would continue in the future due to the prolonged depression in silver prices which make further exploration and development activity uneconomical. As such, the Company impaired at 100% all capitalized lease and maintenance payments made prior to the Lease Option agreement of March 10, 2016, as well as the deed amendment fee of \$150,000 that provides for a royalty cap upon any future production activities. The unimpaired portion of the mineral rights totaling \$42,357 represents payments under the Langtry lease purchase option totaling \$42,337, and the lease payment of \$20 representing the amount paid for the 20 year lease at \$1 per year.

**Results of Operations:*****Results of Operations for the Years Ended December 31, 2017 and 2016***

A summary of our results from operations is as follows:

	Years Ended December 31,	
	2017	2016
Operating expenses:		
Exploration costs	<b>\$761</b>	<b>\$9,489</b>
General and administrative expenses	<b>136,706</b>	<b>132,900</b>
Impairment of mineral rights	<b>1,885,816</b>	<b>-</b>
Total operating expenses	<b>2,023,283</b>	<b>142,389</b>
Operating loss	<b>(2,023,283)</b>	<b>(142,389)</b>
Total other expenses, net	<b>(91,989)</b>	<b>(139,622)</b>
Net loss	<b>\$ (2,115,272)</b>	<b>\$ (282,011)</b>

For the year ended December 31, 2017, our net loss was \$2,115,272 as compared to a net loss of \$282,011 during the same period in 2016. The \$1,833,261 increase in our loss was mainly attributable to the impairment of mineral rights, which is discussed below.

*Operating expenses:*

During the year ended December 31, 2017, our total operating expenses increased by \$1,880,894 from \$142,389 to \$2,023,283 for the years ended December 31, 2016 and 2017, respectively. During the year ended December 31, 2017, we incurred \$761 of exploration costs consisting of legal and survey costs associated with our mineral rights holdings and recognized an impairment loss on the Langtry project of \$1,885,816. During the year ended December 31, 2016, we incurred \$9,489 of exploration costs primarily consisting of title research and survey expenses associated with the land acquired and other acquisition targets.



Our general and administrative expenses increased \$3,806, from \$132,900 to \$136,706 for the years ended December 31, 2016 and 2017, respectively. The increase is primarily attributable to amounts paid to maintain our mining claims status.

*Impairment of Mineral Rights:*

We evaluated our mineral rights and properties as of December 31, 2017. As a result of the evaluation, we recognized an impairment loss of \$1,885,816 associated with the Langtry project. The current impairment analysis and conclusion was a result of the continuing low silver prices. While we believe the current range of silver prices between \$15 and \$20 per ounce is low compared to recent historical value, we also believe the Langtry property would be economically viable when the price of silver is consistently above at least \$20 per ounce. As such, the Company impaired 100% of all capitalized lease and maintenance payments made prior to the Lease Option agreement of March 10, 2016, as well as the deed amendment fee of \$150,000 that provides for a royalty cap upon any future production activities. The unimpaired portion of the mineral rights totaling \$42,357 represents payments on the agreement representing amounts applicable to the lease purchase option totaling \$42,337, as well as the lease payment of \$20 representing the amount paid for the 20 year lease at \$1 per year.

*Other income and expense:*

Our total other expenses were \$91,989 during the year ended December 31, 2017, as compared to total other expenses of \$139,622 during the year ended December 31, 2016.

For the year ended December 31, 2017 we incurred a total of \$96,759 in interest expense which included \$91,538 in interest expense associated with our related party convertible credit facility, \$1,708 associated with an installment note payable with our Chief Executive Officer, as well as \$3,513 of interest expense associated with a convertible note payable originating in April 2015, from the conversion of certain amounts due our primary legal counsel.

For the year ended December 31, 2016 we incurred a total of \$85,182 in interest expense, of which \$81,184 was associated with our related party convertible credit facility, as well as \$3,226 of interest expense associated with a convertible note payable originating in April 2015, from the conversion of certain amounts due our primary legal counsel. In addition, on September 12, 2016 we executed an installment note payable with Mr. John Power, the Company's President and Chief Executive Officer in the amount of \$45,000. As of September 30, 2016 a total of \$772 of interest had accrued on this installment note.

In April 2015, we converted certain amounts due our primary legal counsel to a convertible note payable in the face amount of \$51,270. The Note contains certain anti-dilution provisions that would reduce the conversion price should the Company issue common stock equivalents at a price less than the Note conversion price. Accordingly, the conversion features of the Note were considered a discount to the Note at its inception of \$31,710, which was charged to interest expense in the second quarter of 2015, and the establishment of a derivative liability. The Note is evaluated quarterly, and upon any quarterly valuations in which the value of the discount changes we recognize a gain or loss due to a decrease or increase in the fair value of the derivative liability, respectively. For the year ended December 31, 2017 the periodic valuation resulted in \$3,640 decrease in the derivative liability, and a resulting credit to our results of operations as a change in the fair value of derivative liabilities. For the year ended December 31, 2016 the periodic valuation resulted in a \$53,840 increase in the derivative liability and a resulting charge to our results of operations as a change in the fair value of derivative liabilities.

Our common stock purchase warrants issued in 2012 expired in February 2017, and as a result we recognized a \$1,130 gain on the expiration of those warrants. Our quarterly evaluation and mark-to-market of our derivative liability associated with these common stock purchase warrants at December 31, 2016 resulted in a \$600 increase in the liability.

**Liquidity and Capital Resources:**

*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 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, 2017, we had not yet achieved profitable operations and we have accumulated losses of \$8,967,170 since our inception. We expect to incur further losses in the development of our business,

---

35

---

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. Effective March 31, 2017, we amended our credit agreement with Mr. John Gibbs, a related party, to increase the borrowing limit under the convertible credit facility to \$2,000,000, and effective December 31, 2017 we extended the maturity date to December 31, 2018.

We have financed our capital requirements primarily through borrowings 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 financing could be highly dilutive to existing shareholders. Currently, there are no arrangements in place for additional equity funding or new loans.

### *Liquidity*

As of December 31, 2017, we had \$664 of cash and cash equivalents and negative working capital of \$2,479,169. This compares to cash on hand of \$1,582 and negative working capital of \$2,195,038 at December 31, 2016.

We have a Credit Agreement with a significant shareholder, as amended, which provides us with an unsecured credit facility in the maximum borrowing amount of \$2,000,000. The aggregate principal amount borrowed, together with interest at the rate of 5% per annum, is due in full on December 31, 2018, and is convertible, at the option of the lender, into common shares at a conversion price of \$0.50 per share.

The convertible 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, 2017 total borrowings under the Credit Agreement were \$1,890,620, leaving \$109,380 of credit available for future borrowings.

The Langtry lease and option to purchase originated in March 2010, and had been subject to various amendments. A Lease/Purchase Option dated March 10, 2016, which modified the rental, option payments and lessor royalties covering the Langtry Property, replaced the lease and subsequent amendments thereto in its entirety. Details of the terms of the Lease/Purchase Option are contained in Note 3 of the financial statements.

**Cash Flows**

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

	Years Ended December 31,	
	2017	2016
Net cash used in operating activities	<b>\$ (124,087)</b>	<b>\$ (123,645)</b>
Net cash used in investing activities	<b>(44,675)</b>	<b>(121,113)</b>
Net cash provided by financing activities	<b>167,844</b>	<b>245,285</b>
Net (decrease) increase in cash	<b>(918)</b>	<b>527</b>
Cash, beginning of period	<b>1,582</b>	<b>1,055</b>
Cash, end of period	<b>\$664</b>	<b>\$1,582</b>

*Net cash used in operating activities:*

Net cash used in operating activities was \$124,087 and \$123,645 during the years ended December 31, 2017 and 2016, respectively.

Cash used in operating activities during the year ended December 31, 2017 is primarily attributed to our \$(2,115,272) net loss, which includes a non-cash mining rights impairment charge of \$1,885,816. We also recognized a non-cash gain of \$1,130 attributed to the elimination of a derivative liability associated with the expiration of common stock purchase warrants, as well as a \$3,640 non-cash gain associated with the valuation of a derivative liability associated with a convertible note. In addition, we realized a decrease in accounts payable of \$12,342, and increases in accrued interest on our related party notes payable of \$91,468, and other accrued liabilities of \$31,013.

Cash used in operating activities during the year ended December 31, 2016 is primarily attributed to our \$(282,011) net loss adjusted for non-cash losses of \$54,440 resulting from changes in the valuations of our derivative liabilities. In addition, we realized a decrease in operating accounts payable of \$6,107, and increases in accrued interest on our related party notes of \$81,307, and other accrued liabilities of \$28,726.

*Net cash used in investing activities:*

Cash used in investing activities was \$44,675 during the year ended December 31, 2017 as compared to \$121,113 during the year ended December 31, 2016.

Cash used in investing activities during the year ended December 31, 2017 represents the annual lease payment due under the 2016 Lease/Purchase Option totaling \$44,675.

Cash used in investing activities during the year ended December 31, 2016 totaled \$121,113. We made payments totaling \$40,000 that were accrued under the prior Langtry lease agreements, as well as payments due under the 2016 Lease/Purchase Option due of \$40,000, and \$20 representing the 20-year lease payment at \$1 per year. In addition, we paid \$6,000 due on our purchase of 15 unpatented mining claims in the Calico Mining District in San Bernardino, California from a third party. The claims are contiguous to our existing unpatented and patented claims known as the Langtry Property. In addition, we paid \$6,510 to the Bureau of Land Management to maintain the good standing of our unpatented claims. Finally, on August 8, 2016, we purchased 33+/- acres of land ("Section 16 Property") for \$28,582, net of \$18 of title fees, located in San Bernardino County, California.

---

*Net cash provided by financing activities:*

Cash provided by financing activities during the year ended December 31, 2017 was \$167,844 compared to cash provided by financing activities of \$245,285 during 2016.

For the year ended December 31, 2017 borrowings under our convertible credit facility were \$175,000. Also, during the year ended December 31, 2017 the Company's President had advanced a total of \$29,700, of which \$4,700 was repaid. We also paid \$10,000 that was due on June 1st on our deed amendment liability. The next scheduled payment of \$10,000 will be due on June 1, 2018. Finally, we made a total of \$22,156 in regularly scheduled principal payments due on an installment note payable to the Company's President and Chief Executive.

During the year ended December 31, 2016 we borrowed \$260,620 primarily representing borrowings under our credit agreement totaling \$215,620. In addition, on September 12, 2016 we executed an installment note payable with the Company's President and Chief Executive Officer in the amount of \$45,000, of which we paid a total of \$5,335 in regularly scheduled principal payments. Also, during the year ended December 31, 2016 the Company's President had advanced a total of \$7,250, all of which was repaid during the period. In addition, we made the scheduled \$10,000 payment due June 1st on our deed amendment liability.

**Off Balance Sheet Arrangements:**

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

**Recent Accounting Pronouncements**

Recently issued Financial Accounting Standards Board Accounting Standards Codification guidance has either been implemented or is not significant to us.

**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

---

38

---



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, 2017. An impairment loss of \$1,885,816 was recognized during the year ended December 31, 2017. No impairment loss was recognized for the year ended December 31, 2016. As such, our mineral rights are net of \$1,885,816 of impairment losses as of December 31, 2017.

#### ***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. An impairment loss of \$1,885,816 was recognized for the year ended December 31, 2017. No impairment loss was recognized for the year ended December 31, 2016.

#### ***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.

**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, 2017. 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 (2013). Based on this evaluation, management concluded that our internal control over financial reporting was not effective as of December 31, 2017. Our CEO concluded we have a material weakness due to lack of segregation of duties, a limited corporate governance structure, and a lack of a formal management review process over preparation of financial information. 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, only one of whom is independent under applicable standards; 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 subjected to a formal review process that includes multiple levels of review, and 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, 2017, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

---

42

---

**ITEM 9B. OTHER INFORMATION**

None.

---

43

---



**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(1)	55	CEO, President, CFO, Secretary and Director
Brian Power(1)	52	Director
Leroy Wilkes	75	Director

(1) John C. Power and Brian Power are brothers.

*John C. Power* has served as a director of Athena 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. He has also served as director of Magellan Gold Corporation since its formation in September 2010 and as an officer of Magellan from its formation until August 2017.

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 owned and operated an historic hotel in Thermopolis, Wyoming, from June 1997 until June 2017; 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 an officer/director of the company since its inception in December 2003. He was CEO and President from December 2003 until December 2005 and currently serves as a director of the company. From 1997 to 2014 Mr. Power served as CEO and President of Lone Oak Vineyards, Incorporated, a real estate/agricultural investment company. From October 1998 to 2005, he was a co-founder and managing member of Spirit of Adventure, LLC a company engaged in the development of deep ocean exploration technologies including the design/build of advanced manned submersibles. From 1996 through the present he serves on the board of directors of Snuba, Incorporated, a manufacturer and international licensor of proprietary ocean diving systems. From 2014 through the present, Mr. Power founded and is the managing member of Asperatus LLC, a company engaged in the development of airborne remote earth sensing technologies and related data processing analytics. 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.

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

---

45

---

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 Pinks 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, 2017, we had three directors. 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, 2017, all of these filing requirements were satisfied by our officers, directors, and ten-percent holders except that Mr. Gibbs failed to file sixteen reports covering seventeen 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, 2017. There are no standard compensation arrangements in place for our directors.

**Director Compensation**

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

<sup>1</sup> Mr. Wilkes earns a retainer fee for serving as a Director of \$12,000 per year, payable quarterly. Mr. Wilkes has 200,000 options outstanding at December 31, 2017.

## Executive Compensation

The executive officers for the most recent fiscal year ended December 31, 2017 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, 2017 and 2016:

### Summary Compensation Table

Name and Principal Position	Year	Nonqualified					Earnings	All Other Compensation	Total
		Salary	Bonus	Awards	Option Awards	Incentive Plan Compensation			
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	
John C. Power, President	2017	30,000	—	—	—	—	—	—	30,000
	2016	30,000	—	—	—	—	—	—	30,000

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

## 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 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

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercisable Options	Equity Incentive Plan Awards; Number of Securities Underlying Unexercised Unearned Options	Option Exercise Price	Option Exercise Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares of Plan That Have Not Vested	Equity Incentive Awards; Number of Unearned Shares, Units or Other	Equity Incentive Awards; Market or Payout Value of Unearned Shares, Units or

								Rights That Have Not Vested	Other Rights That Have Not 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 December 31, 2017 and the percentage of outstanding common stock owned as of that date. Each person has sole voting and investment power with respect to the shares shown, except as noted.

Name and Address of Beneficial Owner(1)	Amount and Nature of Beneficial Ownership (2)	Ownership as a Percentage of Outstanding Common Shares(3)
John Gibbs  807 Wood N Creek  Ardmore, OK 73041	17,449,124	(4) 48.20
John C. Power	4,190,000	(5) 11.57
Clifford L. Neuman  8300 Greenwood Drive  Niwot, CO, 80503	3,584,030	(8) 9.9
Bruce and Elizabeth Strachan,	2,880,047	8.0

Trustees UTA dtd 7/25/07

P.O. Box 577, Joshua Tree, CA 92252-0577

Brian Power	300,000	(6)	nil
LeRoy Wilkes	200,000	(7)	nil
All officers and directors as a group (three persons)	4,690,000		12.95

(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 December 31 2017.

- (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 200,000 shares of common stock which expire in April 2018.
- (8) Includes 3,030,523 shares of common stock and an additional 553,507 shares of common stock issuable in partial conversion of a convertible promissory note in the principal amount of \$51,270 convertible into shares of common stock at a conversion price of \$0.0735 per share. The convertible note has a blocker provision that precludes its conversion if as a result of such conversion the holder would own more than 9.9% of the Company's total issued and outstanding shares.

#### **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 Pinks 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, 2017 and 2016, for professional services rendered by our principal accountants for the audit of our annual financial statements and review of the

---

Edgar Filing: ATHENA SILVER CORP - Form 10-K

financial statements included in our Quarterly Reports on Form 10-Q and services that are normally provided by our accountants in connection with statutory and regulatory filings or engagements for these fiscal periods were as follows:

	2017	2016
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	\$ 24,000	\$ 23,850
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	\$ 24,000	\$ 23,850

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
- (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
-

Edgar Filing: ATHENA SILVER CORP - Form 10-K

- (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
- (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
-

Edgar Filing: ATHENA SILVER CORP - Form 10-K

- (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
- (45) 10.101 Promissory Note – Clifford L. Neuman dated April 1, 2015
- (46) 10.102 Lease/Purchase Option Agreement
- (47) 10.103 Fifth Allonge and Modification Agreement with John D. Gibbs
- (48) 10.104 Promissory Note – John Power dated September 12, 2016
- (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

- 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)

Edgar Filing: ATHENA SILVER CORP - Form 10-K

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.
- (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)

Edgar Filing: ATHENA SILVER CORP - Form 10-K

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.
- (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)

Edgar Filing: ATHENA SILVER CORP - Form 10-K

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.
- (45) Incorporated by reference from the Company's Current Report on Form 8-K dated May 5, 2015 and filed with the Commission on May 6, 2015.
- (46) Incorporated by reference from the Company's Current Report on Form 8-K dated  
March 10, 2016 and filed with the Commission on March 15, 2016.
- (47),  
(48) Incorporated by reference from the Company's Current Report on Form 8-K dated  
September 12, 2016 and filed with the Commission on October 14 2016.

# Filed herewith

## Furnished, not filed.

**ATHENA SILVER CORPORATION**

**TABLE OF CONTENTS**

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

---

---

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of

Athena Silver Corporation

***Opinion on the Financial Statements***

We have audited the accompanying consolidated balance sheets of Athena Silver Corporation and its subsidiary (collectively, the “Company”) as of December 31, 2017 and 2016, and the related consolidated statements of operations, stockholders’ deficit, and cash flows for the years then ended, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

***Going Concern Matter***

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

***Basis for Opinion***

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an

understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

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

*/s/ MaloneBailey, LLP*

[www.malonebailey.com](http://www.malonebailey.com)

We have served as the Company's auditor since 2012.

Houston, Texas

April 2, 2018

---

F-1

---



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

	December 31,	
	2017	2016
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$664	\$1,582
Total current assets	664	1,582
Mineral rights and properties - unproven, net of impairment of \$1,885,816 and \$0	227,647	2,068,788
Total assets	\$228,311	\$2,070,370
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Accounts payable	\$4,004	\$16,346
Accrued liabilities - related parties	64,500	37,000
Accrued interest	9,082	5,569
Accrued interest - related parties	349,508	258,040
Advances payable - related party	25,000	-
Deed amendment liability - short-term portion	10,000	10,000
Derivative liabilities	58,340	63,110
Convertible note payable	51,270	51,270
Note payable - related party	17,509	39,665
Convertible credit facility - related party	1,890,620	1,715,620
Total current liabilities	2,479,833	2,196,620
Deed amendment liability	110,000	120,000
Total liabilities	2,589,833	2,316,620
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, \$0.0001 par value,		
5,000,000 shares authorized, none outstanding	-	-
Common stock - \$0.0001 par value;		
100,000,000 shares authorized, 36,202,320 issued and outstanding	3,620	3,620
Additional paid-in capital	6,602,028	6,602,028
Accumulated deficit	(8,967,170)	(6,851,898)
Total stockholders' deficit	(2,361,522)	(246,250)
Total liabilities and stockholders' deficit	\$228,311	\$2,070,370

*See accompanying notes to the consolidated financial statements*

---

F-2

---

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

	Years Ended December 31,	
	2017	2016
Operating expenses:		
Exploration costs	\$761	\$9,489
General and administrative expenses	136,706	132,900
Impairment of mineral rights	1,885,816	–
Total operating expenses	2,023,283	142,389
Operating loss	(2,023,283)	(142,389)
Other income (expense):		
Interest expense	(96,759)	(85,182)
Change in fair value of derivative liabilities	4,770	(54,440)
Total other income (expense)	(91,989)	(139,622)
Net loss	\$ (2,115,272)	\$ (282,011)
Basic and diluted net loss per common share	\$ (0.06)	\$ (0.01)
Basic and diluted weighted-average common shares outstanding	36,202,320	36,202,320

*See accompanying notes to the consolidated financial statements*

**ATHENA SILVER CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Years Ended December 31,</b>	
	2017	2016
Cash flows from operating activities:		
Net Loss	\$ (2,115,272)	\$ (282,011)
Adjustments to reconcile net loss to net cash used in operating activities:		
Impairment of mineral rights	1,885,816	-
Change in fair value of derivative liabilities	(4,770)	54,440
Changes in operating assets and liabilities:		
Accounts payable	(12,342)	(6,107)
Accrued interest - related parties	91,468	81,307
Accrued liabilities and other liabilities	31,013	28,726
Net cash used in operating activities	(124,087)	(123,645)
Cash flows from investing activities:		
Addition of mineral rights	(44,675)	(121,113)
Net cash used in investing activities	(44,675)	(121,113)
Cash flows from financing activities:		
Proceeds on advances from related parties	29,700	7,250
Payments on advances from related parties	(4,700)	(7,250)
Borrowings from credit facility and notes payable - related parties	175,000	260,620
Payments on note payable - related party	(22,156)	(5,335)
Payment on deed amendment liability	(10,000)	(10,000)
Net cash provided by financing activities	167,844	245,285
Net change in cash	(918)	527
Cash at beginning of period	1,582	1,055
Cash at end of period	\$664	\$1,582
Supplemental disclosure of cash flow information		
Cash paid for interest	\$1,777	\$-
Cash paid for income taxes	\$-	\$-

*See accompanying notes to the consolidated financial statements*

---

F-4

---

**ATHENA SILVER CORPORATION****CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT**

	Common Stock		Additional	Accumulated	Total
	Shares	Amount	Paid-in Capital	Deficit	
Balance, December 31, 2015	36,202,320	3,620	6,602,028	(6,569,887)	35,761
Net loss	-	-	-	(282,011)	(282,011)
Balance, December 31, 2016	36,202,320	3,620	6,602,028	(6,851,898)	(246,250)
Net loss				(2,115,272)	(2,115,272)
Balance, December 31, 2017	36,202,320	\$ 3,620	\$ 6,602,028	\$ (8,697,170)	\$ (2,361,522)

*See accompanying notes to the consolidated financial statements*

---

F-5

---

**ATHENA SILVER CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1 – Organization, Basis of Presentation, 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 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, 2017, we had not yet achieved profitable operations and we have accumulated losses of \$8,967,170 since our inception. We expect to incur further losses in the development of our business, all of which raise substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern depends on our

ability to generate future profits and/or to obtain the necessary financing to meet our obligations arising from normal business operations when they come due. Effective March 31, 2017, we amended our credit agreement with Mr. John Gibbs, a related party, to increase the borrowing limit under the convertible credit facility to \$2,000,000. In 2017, the maturity date of the credit line has been extended December 31, 2018.

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-6

---



## **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").

### *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 amounts of cash and cash equivalents, accounts payable, accrued liabilities, notes payable to related parties and other amounts due to related parties approximate fair value because of the short-term nature of these financial instruments.

*Concentrations of Credit Risk*

Our financial instruments that 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.

---

F-7

---

*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, 2017. On December 31, 2017, we recognized an impairment loss of \$1,885,816 associated with our Langtry project. No impairment loss was recognized during the year ended December 31, 2016. Mineral rights are net of \$1,885,816 and \$0 of impairment losses as of December 31, 2017 and 2016, respectively.

*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.

*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.

---

F-8

---

### *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.

### *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.

---

F-9

---

At December 31, 2017 and 2016, potentially dilutive shares of common stock have been excluded from diluted net loss per common share because the impact of such inclusion would be anti-dilutive, and are comprised as follows:

	December 31,	
	2017	2016
Shares issuable on conversions of debt	5,301,265	4,720,398
Common stock purchase option	600,000	600,000
Common stock purchase warrants	-	143,000
Potentially dilutive shares of common stock	5,901,265	5,463,398

### *Recent Accounting Pronouncements*

In May 2017, the FASB issued ASU No. 2017-09, Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting, to provide clarity and reduce both (1) diversity in practice and (2) cost and complexity when applying the guidance in Topic 718, Compensation—Stock Compensation, to a change to the terms or conditions of a share-based payment award. The ASU provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in ASC 718. The amendments are effective for fiscal years beginning after December 15, 2017, and should be applied prospectively to an award modified on or after the adoption date. Early adoption is permitted, including adoption in an interim period. The Company does not expect this amendment to have a material impact on its financial statements.

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, “Leases (Topic 842)” (“ASU 2016-02”). ASU 2016-02 will require lessees to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. Under ASU 2016-02, a lessee will be required to recognize assets and liabilities for leases with terms of more than 12 months. Lessor accounting remains substantially similar to current GAAP. In addition, disclosures of leasing activities are to be expanded to include qualitative along with specific quantitative information. ASU 2016-02 will be effective in fiscal years beginning after December 15, 2018 (with early adoption permitted). ASU 2016-02 mandates a modified retrospective transition method. The Company does not expect this amendment to have a material impact on its financial statements.

### **Note 3 – Mineral Rights and Properties, net**

Our mineral rights and mineral properties consist of:

Year Ended December 31,	
2017	2016

Mineral and other properties	\$ 185,290	\$ 185,290
Mineral rights - Langtry project	42,357	1,883,498
Mineral rights and properties - unproven, net	\$ 227,647	\$ 2,068,788

***Mineral and Other Properties***

On August 8, 2016, we purchased 33+/- acres of land (“Section 16 Property”) for \$28,582, net of \$18 of title fees, located in San Bernardino County, California. The property is located in the Calico Mining District in the SE ¼ of the SE ¼ of Section 16; T 10 North, R 1 East. The State of California patented this land to a private party in 1935 and reserved in favor of the State one-sixteenth of all coal, oil, gas and other mineral deposits contained in the land.

---

F-10

---



In 2014, we purchased 160 acres of land (“Castle Rock”), 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.

In 2012, we purchased 661 acres of land (“Section 13 Property”) in fee simple for \$135,685 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.

Effective March 10, 2016, we executed and delivered a new Lease/Purchase Option (“Lease/Option”) covering our flagship Langtry Property located in the Calico Mining District, San Bernardino County, California. The Lease/Option also includes two unpatented mining claims in the Calico Mining District known as the Lilly #10 and Quad Deuce XIII (the “Langtry Unpatented Claims”), which we have previously owned and agreed to transfer to the Lessor subject to the Lease/Option. The new Lease/Option supersedes all prior agreements.

The following is a summary of the highlights of the new Lease/Option, which is qualified in its entirety by the provisions of the Lease/Option dated March 10, 2016:

- The Lease/Option has a term of 20 years, and grants an exclusive right to explore, develop and purchase the Langtry property. Lease payments under the new agreement are a nominal \$1 per year, payable in advance. This amount was paid in March 2016. The lease requires us to also maintain the option to purchase in good standing as

described below.

· Option payments: in order to maintain the option to purchase, we are required to pay option payments (“Option Payments”) as follows: \$40,000 year 1; the greater of \$40,000 or the spot price of 2,500 ounces of silver in years 2 through 5; the greater of \$50,000 or the spot price of 2,500 ounces of silver in years 6 through 10; the greater of \$75,000 or the spot price of 3,750 ounces of silver in years 11 through 15; and the greater of \$100,000 or the spot price of 5,000 ounces of silver in years 16 through 20. 50% of all Option Payments are credited against the purchase price should the Company exercise the purchase option.

---

F-11

---

## Edgar Filing: ATHENA SILVER CORP - Form 10-K

- In Year 1, 50% of the annual option payment of \$20,000 was paid on March 15, 2016. The remaining payment of \$20,000 was paid on September 15, 2016. In March 2017 we made the required year 2 payment totaling \$44,675. In all subsequent years, the option payment shall be due March 15.
- Option Purchase Price: We have the option to purchase fee title to the Langtry Property for the full 20-year term of the Lease/Option. The purchase price is:
  - Years 1 through 3 (3-15-2016 to 3-15-2019): \$5,000,000
  - Years 4 through 5 (3-15-2019 to 3-15-2021): the greater of \$5,000,000 or the spot price of 250,000 troy ounces of silver, plus payment of the deferred rent of \$130,000;
  - Years 6 through 10 (3-15-2021 to 3-15-26): the greater of \$7,500,000 or the spot price of 375,000 troy ounces of silver, plus payment of the deferred rent of \$130,000;
  - Years 11 through 20 (3-15-2026 to 3-15-2036): the greater of \$10,000,000 or the spot price of 500,000 troy ounces of silver, plus payment of the deferred rent of \$130,000.
- During the lease term, and provided the purchase option has not been exercised, the lessor is entitled to receive a 2% NSR on silver production and a 3% to 5% royalty on other mineral production and certain other revenue streams;
- After exercise of the purchase option, the lessor will not receive royalties on silver or other precious metals production but will receive a 5% royalty on barite production and other revenue streams.
- Deferred rent of \$130,000 under the prior lease shall be payable upon exercise of the purchase option or upon Athena entering into a joint venture or other arrangement to develop the Langtry prospect. Accrued rent of \$20,000 under the prior lease was due and paid September 15, 2016.
- If we are in breach of the Lease/Option, 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 15th of each year during the Lease term by giving the lessor 30 days' written notice of termination on or before February 13th of each year.
- The Langtry Property is also subject to a 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. The agreement dated April 30, 1987 granted a base net smelter royalty of 3% plus 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.

· On May 28, 2015 we executed an amendment to the deed underlying the Langtry Lease to cap at 2% the net smelter royalty that would be due to Mobil Exploration and Producing North America Inc. ("Mobil") from any future sales of concentrates, precipitates or metals produced from ores mined from the royalty acreage. In consideration for the amendment, we agreed to pay an amendment fee of \$150,000, with \$10,000 due at the time of the agreement and the balance payable \$10,000 each June 1st until paid in full. We have paid a total of \$30,000 so far on this agreement, and the balance of \$120,000 and \$130,000 was outstanding as of December 31, 2017 and 2016, respectively. The next payment is due June 1, 2018. If we sell our interest in the Lease or enter into an agreement, joint venture or other agreement for the exploration and development of the Langtry Property, the amendment fee shall become due and payable immediately.

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

On September 28, 2015, at the request of the Company and its advisors, the San Bernardino County Land Use Services Department (the "Department") issued and recorded a Certificate of Land Use Compliance for Vested Land Use in which the Department formally determined that the Langtry property had the legally established right for mineral resource development activity (the "Vested Right"). The Vested Right is subject to certain conditions set forth in the Certificate and runs with the Langtry property in perpetuity.

In August 2015 the Company acquired by deed conveyance 15 unpatented mining claims in the Calico Mining District in San Bernardino, California from a third party. The claims are contiguous to our existing unpatented and patented claims known as the Langtry Property. In consideration of the conveyance, the Company agreed to pay \$10,000, payable in equal monthly installments of \$1,000 beginning on September 1, 2015 which has been paid in full.

All commitments and obligations under our prior 2010 Lease and the 2016 Lease/Option to Purchase have been fulfilled to date. Future option payments and/or exploration and development of this property may require new equity and/or debt capital. In addition, as of December 31, 2017 all regulatory obligations due or accrued regarding our mineral rights had been paid, and all our claims remain in good standing.

### ***Impairment of Mineral Rights***

The Company has evaluated its mineral rights and properties. As a result of the evaluation, the Company recognized an impairment loss of \$1,885,816 associated with the Langtry project. The current impairment analysis and conclusion was a result of the continuing low silver prices. While the Company believes the current range of silver prices between \$15 and \$20 per ounce is low compared to recent historical value, it believes the Langtry property would be economically viable when the price of silver is consistently above at least \$20 per ounce. As such, the Company impaired at 100% all capitalized lease and maintenance payments made prior to the Lease Option agreement of March 10, 2016, as well as the deed amendment fee of \$150,000 that provides for a royalty cap upon any future production activities. The unimpaired portion of the mineral rights totaling \$42,357 represents payments on the agreement representing amounts applicable to the lease purchase option totaling \$42,337, and the lease payment of \$20 representing the amount paid for the 20 year lease at \$1 per year.

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

Financial assets and liabilities recorded at fair value in our 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.

---

F-13

---

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, 2017</b>	<b>Fair Value Measurement at December, 2017</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Derivative liability – Convertible note payable	\$ 58,340	\$ -	\$ -	\$ 58,340

  

	<b>Carrying Value at December 31, 2016</b>	<b>Fair Value Measurement at December 31, 2016</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Derivative liability - Warrants	\$ 1,130	\$ -	\$ -	\$ 1,130
Derivative liability – Convertible note payable	\$ 61,980	\$ -	\$ -	\$ 61,980

A summary of the changes in the derivative liabilities is as follows:

Balance, December 31, 2015	\$ 8,670
Total losses, (unrealized, realized) included in net loss	54,440
Balance, December 31, 2016	\$ 63,110
Total gains, (unrealized, realized) included in net loss	(4,770)

Balance, December 31, 2017 \$ 58,340

The carrying values of cash and cash equivalents, accounts payable, accrued liabilities and other short-term debt, approximate their fair value because of the short-term nature of these financial instruments.

#### **Note 5 – Derivative Liabilities and Note Payable**

##### ***Warrants:***

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 had 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. None of the warrants were exercised and expired on February 7, 2017.

We had determined that the warrants were not afforded equity classification because the warrants were not considered to be indexed to our own stock due to the anti-dilution provision. Accordingly, the warrants were treated as a derivative liability and are carried at fair value. We estimate the fair value of the derivative warrants at each balance sheet date and the changes in fair value were recognized in earnings in our consolidated statements of operations under the caption “change in fair value of derivative liabilities.”



The change in fair value of our derivative warrant liability for the year ended December 31, 2017 is as follows:

Balance, December 31, 2016	\$ 1,130
Total gain recognized upon expiration of warrants	(1,130)
Balance, December 31, 2017	\$ -

We estimated 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 included assumptions for expected dividends, expected share price volatility, risk-free interest rate, and expected life of the warrants. Our expected volatility assumptions were 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, 2016:

**Fair value assumptions – derivative warrants: December 31, 2016**

Risk free interest rate	0.51%
Expected term (years)	0.1
Expected volatility	269%
Expected dividends	0%

***Convertible Note Payable:***

Effective April 1, 2015, the Company executed a convertible promissory note (the “Note”) in the principal amount of \$51,270 in favor of Clifford Neuman, the Company’s legal counsel, representing accrued and unpaid fees for past legal services. The Note accrues interest at the rate of 6% per annum, compounded quarterly, and is due on demand. The principal and accrued interest due under the Note may be converted, at the option of the holder, into shares of the Company’s common stock at a conversion price of \$0.0735 per share, which represented the market price of the Company’s common stock on the date the Note was made. The conversion price is subject to adjustment in the event the Company sells shares of common stock or common stock equivalent at a price below the conversion price.

The Note contains certain anti-dilution provisions that would reduce the conversion price should the Company issue common stock equivalents at a price less than the Note conversion price. Accordingly, the conversion features of the Note are considered a discount to the Note. However, since the Note is payable upon demand by the note holder, the value of the discount is considered interest expense at the time of its inception. The Note is evaluated quarterly, and upon any quarterly valuations in which the value of the conversion option changes we recognize a gain or loss due to a

decrease or increase in the fair value of the derivative liability, respectively.

The change in fair value of our derivative liability – convertible note payable is as follows:

Balance, December 31, 2016	61,980
Total gains, (unrealized, realized) included in net loss	(3,640)
Balance, December 31, 2017	\$ 58,340

---

F-15

---

We estimate the fair value of this derivative at inception and at each balance sheet date until such time the Note is paid or converted 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 Note. 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 Note.

The following table summarizes the assumptions used to value the derivative liability at December 31, 2017:

**Fair value assumptions – derivative: December 31, 2017**

Risk free interest rate	1.76%
Expected term (years)	1.0
Expected volatility	183%
Expected dividends	0%

The following table summarizes the assumptions used to value the derivative liability at December 31, 2016:

**Fair value assumptions – derivative: December 31, 2016**

Risk free interest rate	0.85%
Expected term (years)	1.0
Expected volatility	259%
Expected dividends	0%

Accrued interest totaled \$9,082 and \$5,569 at December 31, 2017 and 2016, respectively, and is included in Accrued interest on the accompanying consolidated balance sheets.

**Note 6 – Credit Agreement and Notes Payable – Related Parties**

***Convertible Credit Facility – Related Party***

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, is convertible, at the option of the lender, into common shares at a conversion price of \$0.50 per share. Since its inception we have amended the credit agreement several times to either increase the borrowing limit and/or extend the maturity date. An amendment effective October 13, 2016 extended the

maturity date to December 31, 2017, and effective March 31, 2017 we amended the credit agreement to increase the borrowing limit under the line of credit to \$2,000,000. In addition, effective December 31, 2017 the maturity date was extended to December 31, 2018. All other provisions under the agreement have remained unchanged. The Company evaluated the convertible line of credit for derivative and beneficial feature conversion and concluded that there is no beneficial conversion since the conversion price at inception was greater than the market value of shares that would be issued upon conversion. Likewise, derivative accounting did not apply to the embedded conversion option.

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 \$1,890,620 and \$1,715,620 at December 31, 2017 and 2016, respectively. Borrowings under our convertible note payable to Mr. Gibbs were \$175,000 and \$215,620 for the years ended December 31, 2017 and 2016, respectively, and were generally used to pay certain mining lease obligations as well as operating expenses. No principal or interest payments have made to Mr. Gibbs since the inception of the convertible credit facility. As of December 31, 2017 there remained \$109,380 of credit available for future borrowings.

Total accrued interest on the notes payable to Mr. Gibbs was \$349,454 and \$257,916 at December 31, 2017 and 2016, respectively, and are included in Accrued interest - related parties on the accompanying consolidated balance sheets.

#### ***Note Payable – Related Party***

On September 12, 2016 we executed an unsecured Note Payable (“Note”) with Mr. John Power, the Company’s President and Chief Executive Officer in the amount of \$45,000. The Note accrues interest at 6% per year, and matures on September 12, 2018. The Note requires monthly principal and interest payments of \$1,994 beginning on October 12, 2016. During the year ended December 31, 2017 and 2016 a total of \$23,933 and \$5,335, respectively of regularly scheduled principal and interest payments were made. At December 31, 2017 and 2016 the Note balance was \$17,509 and \$39,665, respectively. A total of \$54 of interest had accrued since the last payment and is included in Accrued interest – related parties on the accompanying consolidated balance sheets.

#### ***Interest Expense – Related Parties***

Total related party interest expense was \$93,245 and \$81,956 for the years ended December 31, 2017 and 2016, respectively.

#### **Note 7 - Commitments and Contingencies**

We are subject to various commitments and contingencies under the Langtry Lease/Option to Purchase as discussed in Note 3 – Mining Rights and Properties.

#### **Note 8 - Share-based Compensation**

##### ***2004 Equity Incentive Plan***

A summary of our stock option activity for options issued under the 2004 Equity Incentive Plan as well as options outstanding that were issued outside the Plan is as follows:

	<b>Weighted Average</b>	
	<b>Shares</b>	<b>Exercise Price</b>
Outstanding at December 31, 2015	750,000	\$ 0.29
Options expired	(150,000)	\$ 0.43
Outstanding at December 31, 2016	600,000	\$ 0.29
Options granted or expired	-	-
Outstanding at December 31, 2017	600,000	\$ 0.26

---

F-17

---

All outstanding options at both December 31, 2017 and 2016 represent options issued outside the 2004 Equity Incentive Plan.

All options expire in April 2018, and the weighted average contractual life of all outstanding options at December 31, 2017 was 0.27 years. No share based compensation expense was recorded for either the years ended December 31, 2017 or 2016. As of December 31, 2017, the outstanding options have an intrinsic value of zero.

## **Note 9 – Related Party Transactions**

### *Conflicts of Interests*

Magellan Gold Corporation (“Magellan”) is a company under common control. Mr. Power is a significant shareholder and director of both Athena and Magellan. Mr. Gibbs is a significant shareholder and creditor (see Note 6 – Credit Agreement and Notes Payable – Related Parties), in both Athena and Magellan. Athena and Magellan are both involved in the business of acquisition and exploration of mineral resources.

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

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

### *Management and Director Fees – Related Parties*

The Company is subject to a month-to-month management agreement with Mr. Power requiring a monthly payment of \$2,500 as consideration for the day-to-day management of Athena. For each of the years ended December 31, 2017 and 2016, a total of \$30,000, respectively, was recorded as management fees and are included in general and administrative expenses in the accompanying consolidated statements of operations. As of December 31, 2017 and 2016, \$52,500 and \$25,000, respectively, of management fees due to Mr. Power had not been paid and are included in accrued liabilities – related parties on the accompanying consolidated balance sheets.

The Company is subject to an agreement with a Director to pay a retainer fee of \$1,000 per month for his services. For each of the years ended December 31, 2017 and 2016, a total of \$12,000, was charged as director fees and is included in general and administrative expenses on the accompanying consolidated statements of operations. At both December 31, 2017 and 2016 a total of \$12,000 was unpaid and included in accrued liabilities – related parties on the accompanying consolidated balance sheets.

***Accrued Interest - Related Parties***

At December 31, 2017 and 2016, Accrued interest - related parties includes accrued interest payable to Mr. Gibbs in the amounts of \$349,454 and \$257,916, respectively, representing unpaid interest on the convertible credit facility. In addition, at December 31, 2017 and 2016, Accrued interest - related parties



includes \$54 and \$124, respectively, of interest accrued on the installment Note payable due to Mr. Power.

***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.

During the year ended December 31, 2017, Mr. Power made short-term advances to the Company of \$29,700, of which \$4,700 was repaid during the year. At December 31, 2017, \$25,000 of advances were outstanding.

During the year ended December 31, 2016, Mr. Power made short-term advances to the Company of \$7,250, all of which was repaid during the year. At December 31, 2016, no advances were outstanding.

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.

**Note 10 – Income Taxes**

The Company is current on all its corporate tax filings. Tax year 2017 is currently under extension and we expect to file the returns by the due date.

Due to the enactment of the Tax Reform Act of 2018, the corporate tax rate for those tax years beginning with 2018 has been reduced to 21%. Our estimated net operating loss carry forward as of December 31, 2017 is \$6,883,249, which may be used to offset future income taxes through 2038. 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 2017 and 2016 is as follows:

Years Ended December 31,	
2017	2016

Expected federal income tax benefit at statutory rate	\$ 48,186	\$ 95,884
State taxes	8,031	9,870
Change in valuation allowance	(56,217)	(105,754)
Income tax benefit	\$ -	\$ -

Our deferred tax assets as of December 31, 2017 and 2016 were as follows:

	Years Ended December 31,	
	2017	2016
Net operating loss	\$ 1,686,396	\$ 2,495,172
Valuation allowance	(1,686,396)	(2,495,172)
Deferred tax assets, net of valuation 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. The

decrease in the amounts of deferred tax assets and valuation allowance in 2017 was driven by the decrease in tax rate due to the tax reform legislation.

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

**Note 11 - Subsequent Events**

Subsequent to December 31, 2017, John Gibbs has advanced \$69,000 under the credit facility.

---

F-20

---

**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 2, 2018 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
<i>/s/ John C. Power</i>	Chief Executive Officer, President,	April 2, 2018
John C. Power	Chief Financial Officer, Secretary & Director (Principal Executive Officer) (Principal Accounting Officer)	April 2, 2018
<i>/s/ Brian Power</i>	Director	
Brian Power		
<i>/s/ LeRoy Wilkes</i>	Director	April 2, 2018

LeRoy Wilkes

---