

## September 2021 Quarterly Activities Report

- Asset portfolio underpinned by the high grade Zinc-Lead Lennard Shelf Project and the Nickel-Copper and Gold Leinster Project, both 100% owned and located within Western Australia
- Entitlement issue of Loyalty options completed during the quarter
- The Company is well-funded with \$4.2m cash held at 30 September 2021

### Lennard Shelf Project:

- Landmark Native Title, Heritage Protection and Mineral Exploration Agreement signed with the Gooniyandi Aboriginal Corporation for Albion's entire Lennard Shelf Zinc-Lead Project
- Heritage clearance of the targeted exploration areas at Pillara East completed
- Appointment of Nigel Wilson as exploration manager, who possesses specialist expertise in base-metal exploration in carbonate terrains
- 1,500m diamond drilling program at Pillara East commenced post quarter end

### Leinster Project:

- Reconnaissance site visit completed during the quarter confirms presence of ultramafic rocks, prospective for Ni-Cu mineralisation
- An ultrafine soil geochemistry program of ~500 samples was completed, with assay results pending
- POW covering a maiden RC drill program of up to 12 holes to test previously drill-indicated nickel mineralisation in the underlying ultramafic rocks approved

Albion Resources Limited (ASX: ALB) ("Albion" or the "Company") is pleased to provide the following summary of activities conducted over the September 2021 quarter.

Albion Executive Chairman, Mr Colin Locke, commented:

*"The Company has continued to make great progress in unlocking significant value at the Company's 100% owned Lennard Shelf and Leinster Projects.*

*Drilling has commenced this week at the Pillara East zinc-lead target, within the Lennard Shelf Project, where we believe there is considerable potential for further discoveries in proximity to the existing mineralisation.*

*POW approvals have also been secured for the proposed drill program at the Leinster Project, where we will be targeting the same ultramafic host rocks as the Horn Ni-Cu Prospect.*

*The December 2021 quarter will be the most exciting period in the Company's history to date."*



### **DIRECTORS**

**Colin Locke** EXECUTIVE CHAIRMAN

**Jonathan King** NON-EXECUTIVE DIRECTOR

**David Palumbo** NON-EXECUTIVE DIRECTOR

### Lennard Shelf Project:

#### Overview

Albion's high grade Zinc-Lead Lennard Shelf Project is located in the world class Mississippi Valley type Zinc-Lead province, the Lennard Shelf, approximately 30 km southeast of Fitzroy Crossing in the Kimberley, Western Australia. Despite hosting significant historic mines, Pillara (19.3Mt @ 7.8% Zn + 2.6% Pb) and the Cadjebut Trend (16.4Mt @ 8.9% Zn + 5% Pb), regional exploration in the Lennard Shelf Province has been largely overlooked since the late 1980's. The Lennard Shelf Project, comprising four sub-projects, covers an expansive area of ~319 km<sup>2</sup> and contains comparable geology to Pillara and the Cadjebut Trend.

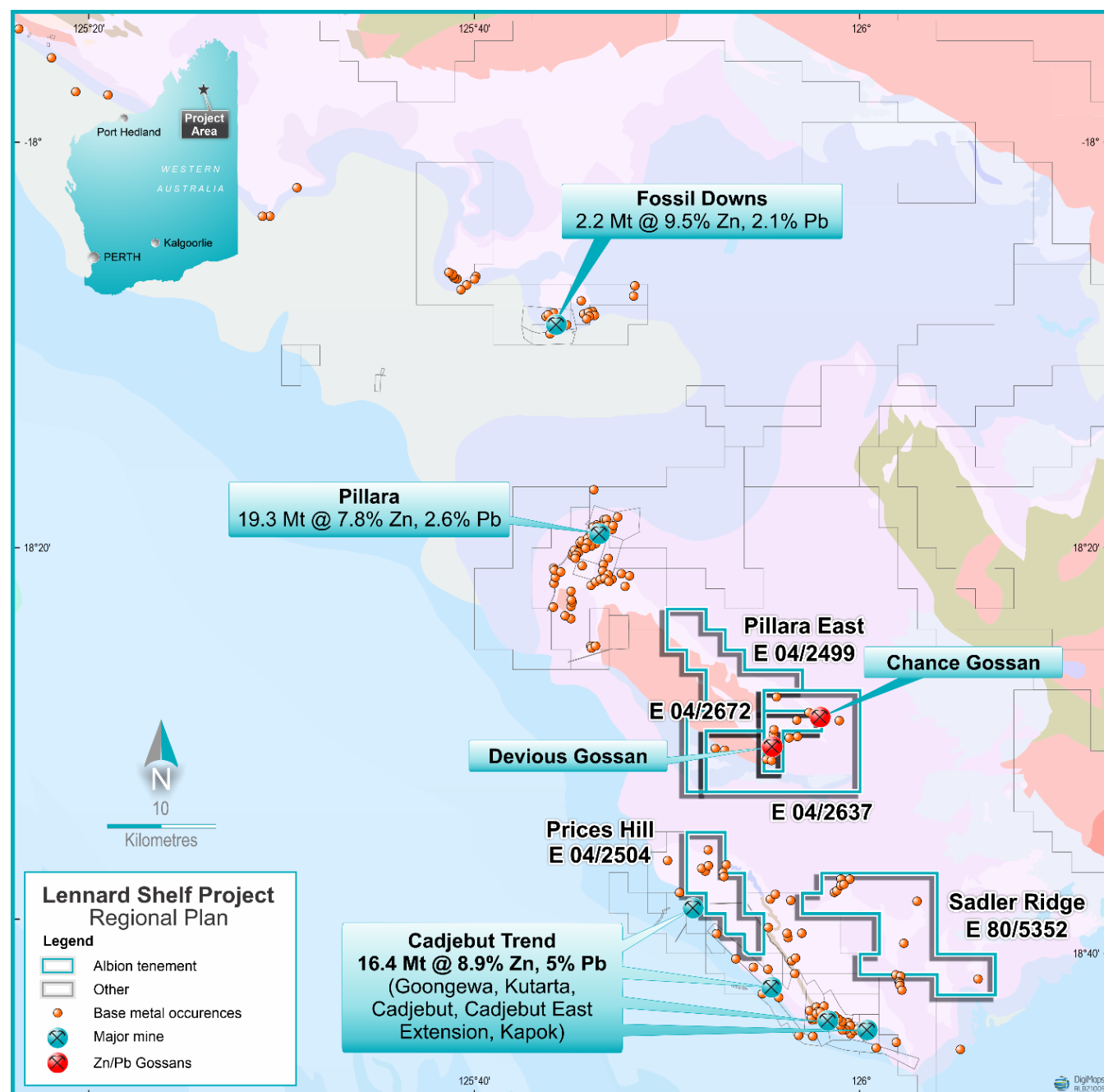


Figure 1: Lennard Shelf Regional Plan

*Recent Activities*

During the quarter, a Native Title, Heritage Protection and Mineral Exploration Agreement (HPA) was signed with the Gooniyandi Aboriginal Corporation for Albion's entire Lennard Shelf Zinc-Lead Project. The HPA sets out the framework for Albion in conducting exploration on Gooniyandi Country, protecting cultural heritage and endeavouring to provide community benefits. The timely signing of the HPA is a testament to the strong alliance that has quickly been formed between Albion and the Gooniyandi.

Following the signing of the HPA in July, the Company submitted a POW and received subsequent approval for targeted drilling areas at Pillara East. The Company also sought heritage clearance from the Gooniyandi for the drilling areas however due to unfortunate incidents that impacted the Fitzroy Crossing community, the heritage clearance survey (the "Survey") was delayed until late in the September quarter. The Survey inspected and assessed the proposed work program, including, the specific drill pads, drill holes, access tracks, water supply sources and field camp locations. The Survey was successfully completed and the Gooniyandi provided heritage clearance for the Company's maiden drilling program at Pillara East.

Subsequent to quarter end, the Company announced the appointment of Durock Drilling as its diamond drill contractor following receipt of all necessary approvals to conduct the drill program at Pillara East.

The drill program commenced on 25 October 2021 and will comprise up to 15 drill holes for approximately 1,500m, targeting two brecciated gossanous horizons that occupy fault structures at the southern end of the Home Range. The gossans occur within the favourable Pillara Formation, where they are associated with a north-northeast trending fault and alteration fronts comprising dolomite and hydrozincite over basement highs of Precambrian crystalline rocks.

**Leinster Project:***Overview*

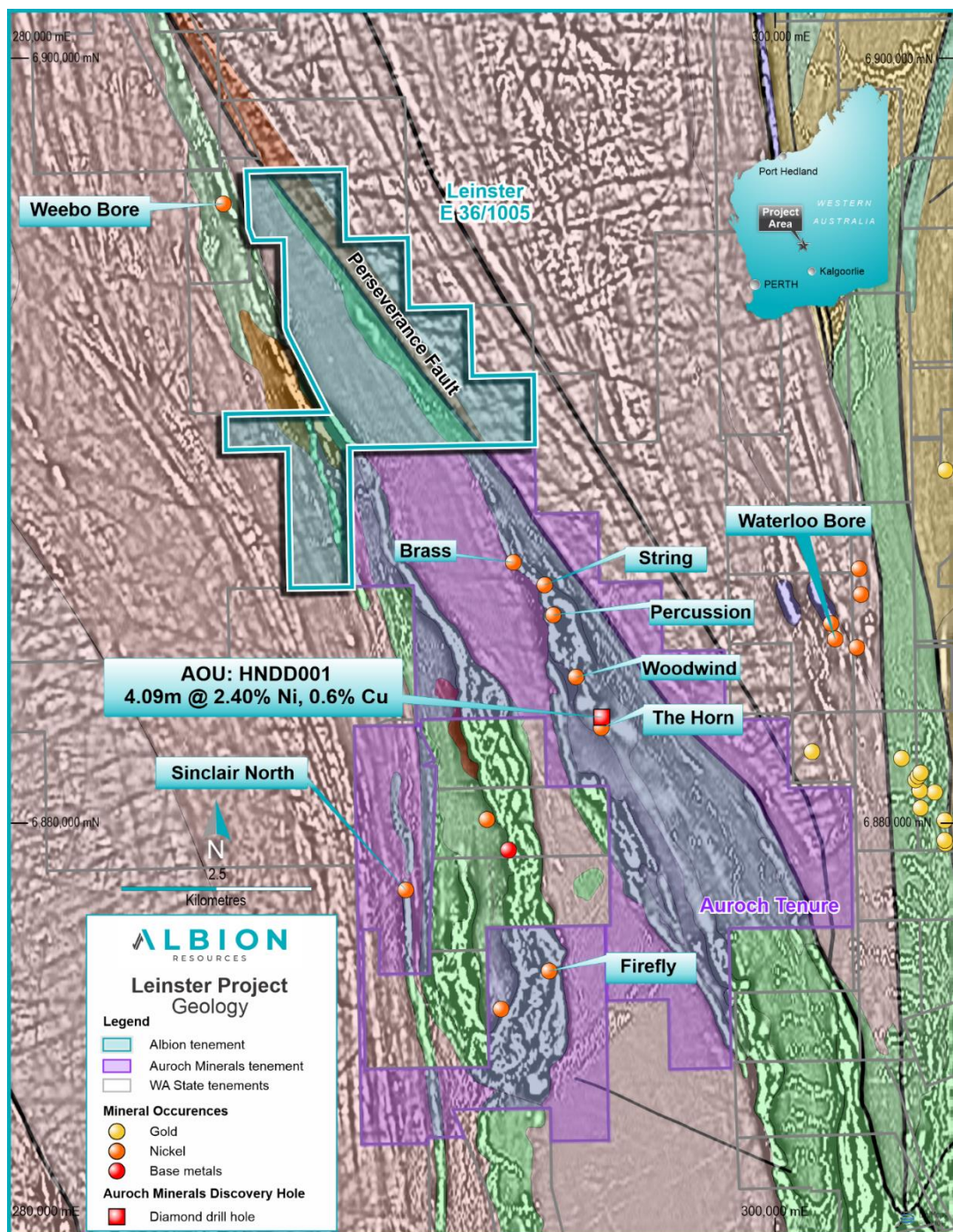
The Leinster Project, located 30km southeast of Leinster, covers an area of 42km<sup>2</sup> and is highly prospective for nickel-copper and gold. This strategic and significant tenement is along strike from Auroch Minerals the Horn and related Ni-Cu prospects and adjacent to BHP's Nickel West Weebo Ni deposit. Geophysical imagery indicates that the same ultramafic host rocks of the Horn Ni-Cu Prospect extend into Albion's tenement. Data compilation across the Leinster Project has also highlighted the limited drilling at depths below 100m, despite drill-indicated nickel mineralisation from shallow historic drilling.

*Recent Activities*

During the September 2021 quarter, a reconnaissance site visit was completed with the ground review confirming the presence of ultramafic rocks, prospective for Ni-Cu mineralisation.

An ultrafine soil geochemistry program of approximately 500 samples was completed at the Leinster Project during the quarter. The soil samples were collected on both reconnaissance and detailed grids across exploration areas along the eastern and western flanks of the Project, where ultramafic rocks were confirmed. The detailed soil grid (100m line spacing x 50m centres over 14 lines) covered the proposed drilling area. Reconnaissance grids were sampled on 400m line spacing and 100m centres. In the west, four reconnaissance lines were sampled to validate the legacy soil results. In the east, eleven reconnaissance lines were sampled to map extensions to previously drill-indicated nickel mineralisation into the adjacent covered environments. All samples have been submitted to ALS for assay.





**Figure 2: Leinster Project relative to nearby nickel and gold occurrences, prospects and deposits**

A POW covering a maiden RC drill program of up to 12 holes (for a maximum of 1800m) to test previously drill-indicated nickel mineralisation in the underlying ultramafic rocks was submitted and approved during the quarter. Most observed nickel enrichments (from the previous drilling on the east and west flank) occur in the upper regolith, reflecting the residual accumulation of Ni derived most plausibly from the weathering of disseminated nickel sulphide or Ni-silicate bearing rocks. Previous drilling on the east flank near the Perseverance Fault is mostly shallow (<50m vertical), with the mineralised intercepts such as LYER0376 (4m @ 5,060 ppm Ni) untested at depth by RC or diamond drilling. These intercepts present drill-ready targets.

**Corporate:**

Cash on hand as the end of the quarter was \$4.2M.

An entitlement issue of loyalty options was completed during the quarter, raising \$22,000. The entitlement issue offered eligible shareholders registered on the record date the ability to subscribe for Options on the basis of one (1) Option for every two (2) Shares held at an issue price of \$0.001 per Option.

**Related Party Payments**

Pursuant to item 6 in the Company's Appendix 5B – Quarterly Cashflow Report for the Quarter ended 30 June 2021, the Company made payments of \$78k to related parties which relate to existing remuneration arrangements (director fees and superannuation) and technical consulting fees to Collective Prosperity Pty Ltd (entity controlled by Mr Jonathan King).

**Exploration**

ASX Listing Rule 5.3.1: Exploration and Evaluation Expenditure during the Quarter was \$188k. Exploration during the Quarter largely comprised of data compilation, site visits, heritage agreement negotiations, geochemical survey and drill target generation - full details of activity during the Quarter are set out above.

ASX Listing Rule 5.3.2: There were no mining production and development activities during the Quarter.

In line with obligations under ASX Listing Rule 5.3.3, Albion provides the following information with respect to its Mining Tenement holdings as at 30 September 2021.

Project	Sub-Project	Tenement	Status	% Held	Change During Quarter
Lennard Shelf	Pillara East	E04/2499	Granted	100%	-
Lennard Shelf	Pillara East	E04/2637	Granted	100%	-
Lennard Shelf	Pillara East	E04/2672	Granted	100%	-
Lennard Shelf	Prices Hill	E04/2504	Granted	100%	-
Lennard Shelf	Sadler Ridge	E80/5352	Granted	100%	-
Leinster	-	E36/1005	Granted	100%	-

### Use of Funds

In line with obligations under ASX Listing Rule 5.3.4, Albion provides the following information with respect to its Use of Funds Statement set out in its Prospectus dated 18 March 2021 and its actual expenditure since ASX admission.

<b>Expenditure Item</b>	<b>Use of Funds \$'000</b>	<b>Actual Expenditure (30.04.2021 - 30.09.2021) \$'000</b>	<b>Variance \$'000</b>
Existing cash reserves	290	138	(152)
Proceeds from Public Offer	5,000	5,000	-
<b>Total Funds</b>	<b>5,290</b>	<b>5,138</b>	<b>(152)</b>
Exploration Expenditure	(2,700)	(240)	2,460
General administration fees and working capital	(2,090)	(303)	1,787
Estimated expenses of the Public Offer	(500)	(364)	136
Expenses of the Loyalty Options Offer (net)	-	(35)	(35)
<b>Total Funds Year 1 &amp; 2</b>	<b>(5,290)</b>	<b>(942)</b>	<b>4,348</b>
<b>Remaining cash balance</b>			<b>4,196</b>

Note: The variance is due to timing difference of the Prospectus forecast over 2 years vs. 5 months actual spend

This announcement has been approved for release by the Board.

### FOR FURTHER INFORMATION:

Colin Locke  
 Executive Chairman  
 +61 457 289 582  
[colin.locke@albionresources.com.au](mailto:colin.locke@albionresources.com.au)

### Competent Persons Statement

*The information in this announcement is based on and fairly represents information compiled by Mr Jonathan King, consultant geologist, who is a Member of the Australian Institute of Geoscientists and employed by Collective Prosperity Pty Ltd, and is an accurate representation of the available data and studies for the Project. Mr King has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he has undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr King consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.*

*The information in this announcement that relates to historical exploration results was first reported by the Company in its IPO prospectus dated 18 March 2021. The Company confirms that it is not aware of any new information or data that materially affects the information included in the Prospectus. Mineral Resource estimates for neighbouring properties sourced from US Geological Survey, "Compilation of Mineral Resource Data for Mississippi Valley-Type and Clastic-Dominated Sediment-Hosted Lead-Zinc Deposits". USGS Open-File Report 2009-1297.*

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

ALBION RESOURCES LIMITED

ABN

94 620 545 664

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(188)	(188)
	(b) development		
	(c) production		
	(d) staff costs		
	(e) administration and corporate costs	(125)	(125)
1.3	Dividends received (see note 3)		
1.4	Interest received		
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other (provide details if material)		
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(313)</b>	<b>(313)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) exploration & evaluation		
	(e) investments		
	(f) other non-current assets		

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	22	22
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(57)	(57)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(35)</b>	<b>(35)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	4,544	4,544
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(313)	(313)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(35)	(35)



## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>4,196</b>	<b>4,196</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,196	4,544
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,196</b>	<b>4,544</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	78
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	<b>Total financing facilities</b>		
7.5	<b>Unused financing facilities available at quarter end</b>		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(313)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(313)
8.4	Cash and cash equivalents at quarter end (item 4.6)	4,196
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	4,196
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	13.40
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	<div style="border: 1px solid black; padding: 5px; min-height: 30px;">                     Answer: N/A                 </div>	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	<div style="border: 1px solid black; padding: 5px; min-height: 30px;">                     Answer: N/A                 </div>	
8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	<div style="border: 1px solid black; padding: 5px; min-height: 30px;">                     Answer: N/A                 </div>	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>		

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: **27 October 2021**

Authorised by: **By the Board**  
 (Name of body or officer authorising release – see note 4)

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**Mining exploration entity or oil and gas exploration entity quarterly cash flow report**

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**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.