

December 2021 Quarterly Activities Report

Lennard Shelf Project:

- 1,700m maiden diamond drilling program completed at Pillara East
- Assay results received subsequent to quarter end confirm near surface zinc-lead mineralisation:
 - 23.50m @ 2.04% Zn + Pb from 34.5m inc 5.6m @ 3.37% Zn + Pb - EPDD2106
 - 10.10m @ 2.55% Zn + Pb from 29m inc 3.1m @ 5.11% Zn + Pb - EPDD2102
 - 5.60m @ 2.94% Zn + Pb from 36.4m inc 3.1m @ 3.65% Zn + Pb - EPDD2104
 - 4.00m @ 5.69% Zn + Pb from 36m to EOH - EPDD2115
 - 2.00m @ 5.94% Zn + Pb from 31m - EPDD2115
 - 1.72m @ 13.51% Zn + Pb from 55.28m - EPDD2102
 - 1.38m @ 6.91% Zn + Pb from 65.12m - EPDD2102
- Potential for discovering areas of high grade zinc-lead mineralisation highlighted with peak assay of 46.47% Zn + Pb
- Significant strike of the prospective Uncle Billy Fault remains untested

Leinster Project:

- 1,500m maiden RC drill program completed along strike to Auroch's the Horn and related Ni-Cu prospects
- The 10 hole program targeted anomalous magnetic features, interpreted as being associated with high-magnesium nickeliferous ultramafic rocks
- Assays expected to be received in March 2022

Corporate:

- The Company is well-funded with \$3.1m cash held at 31 December 2021
- Appointment of Mark Major as Non-Executive Director
- Alignment Capital appointed as Corporate Advisor

Albion Resources Limited (ASX: ALB) ("Albion" or the "Company") is pleased to provide the following summary of activities conducted over the December 2021 quarter, which focused on systematic exploration at the Company's 100% owned Lennard Shelf and Leinster Projects in WA.

Lennard Shelf Project:

Overview

Albion's 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 three sub-projects, covers an expansive area of ~319 km² and contains comparable geology to Pillara and the Cadjebut Trend.

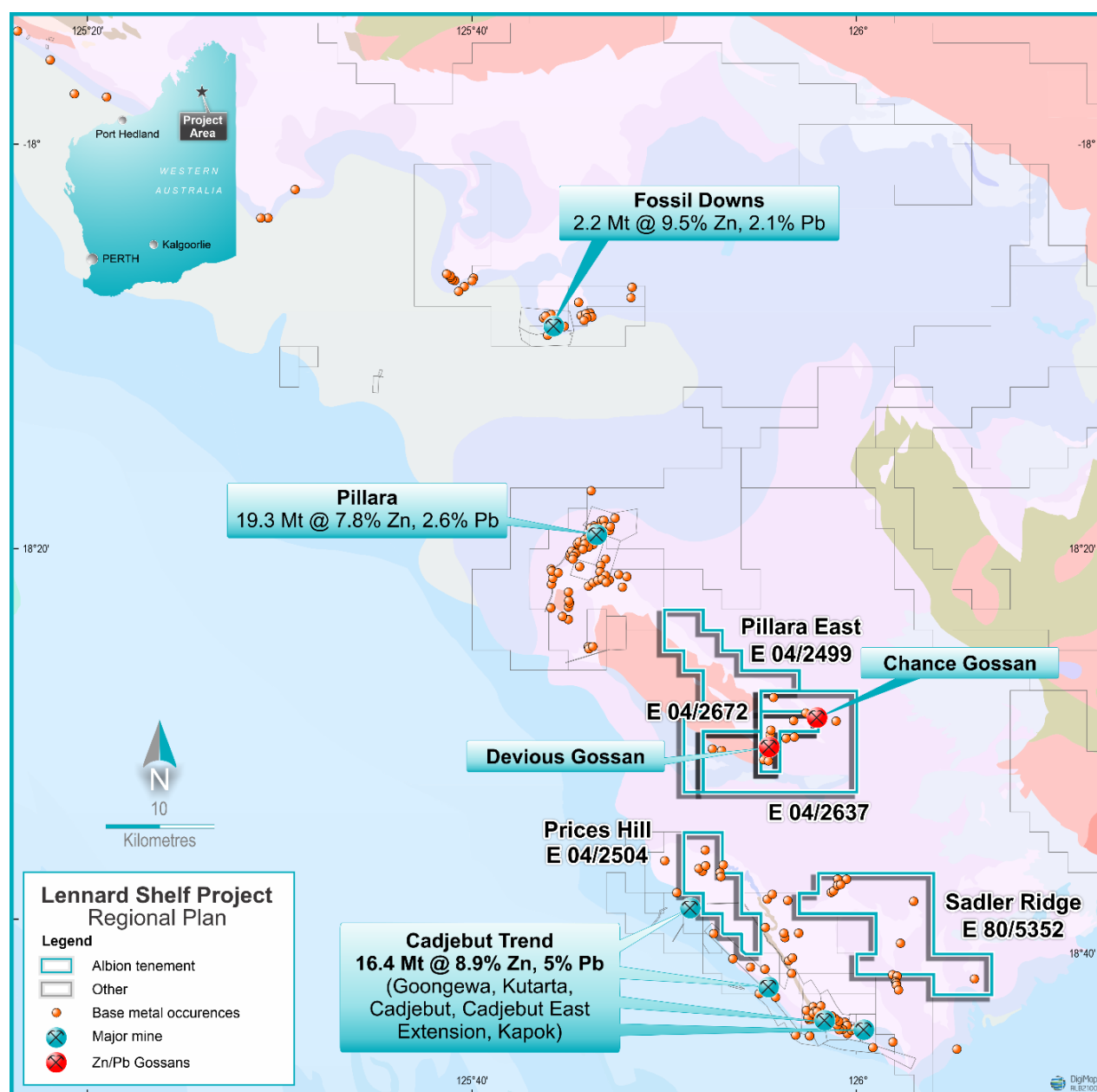


Figure 1: Lennard Shelf Regional Plan

Recent Activities

The program involved drilling 15 NQ holes (Figure 3) for a total of 1700m targeting fault-controlled mineralisation along the ENE trending Uncle Billy Fault (EPDD2101 – EPDD2109) and extensions of the NNE trending Devious Fault (EPDD2110, EPDD2112 - EPDD2113) as well as to locate and extend mineralisation identified in the historical EPP11 intercept (EPDD2111, EPDD2114 - EPDD2115). Subsequent to quarter end, the Company received the assay results and is pleased to report near surface zinc-lead mineralisation was intersected in numerous drill holes along and adjacent to the Uncle Billy Fault. Significant intersections are shown in **Table 1**,

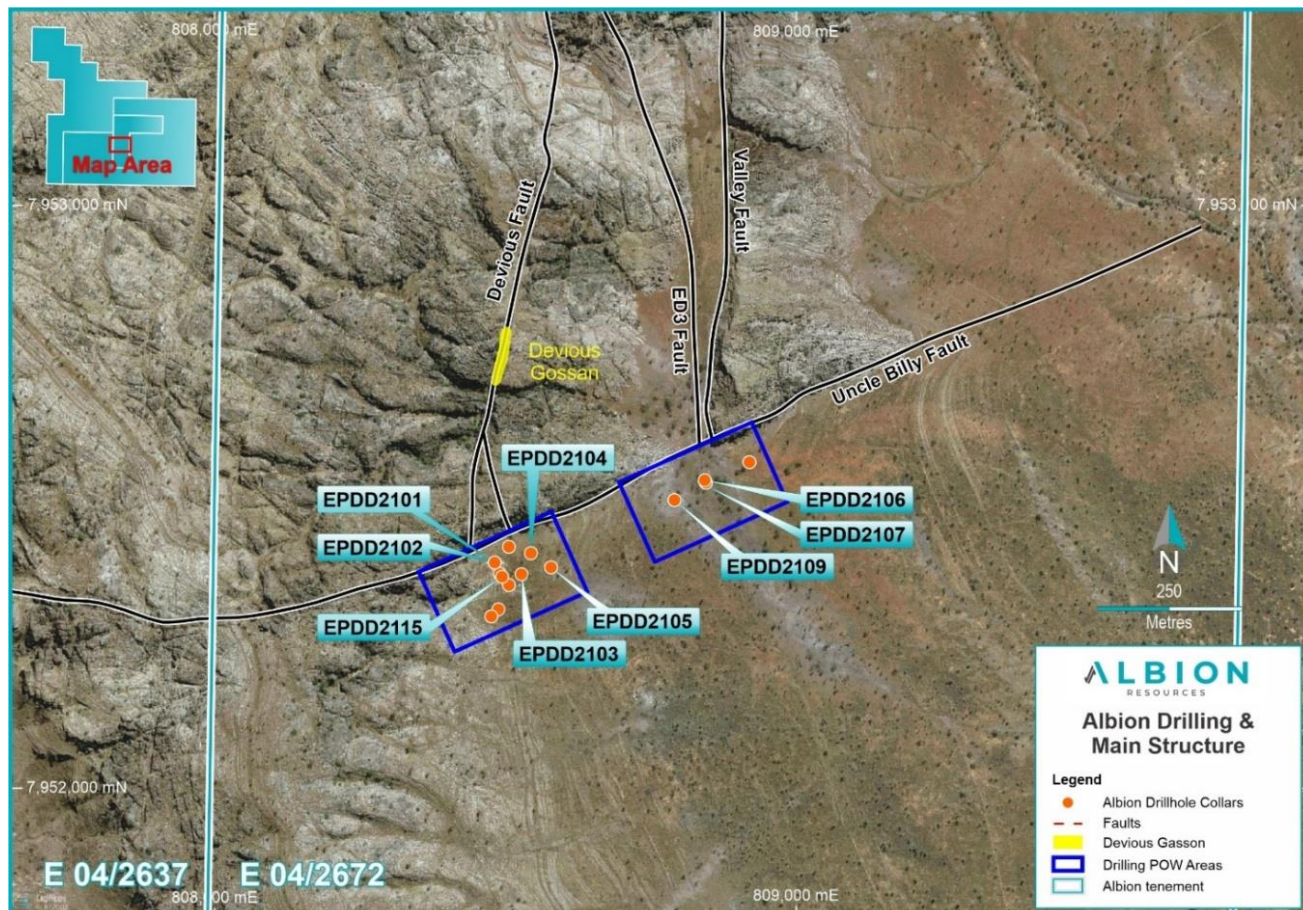


Figure 2: Drill collar locations and main fault structures

Table 1: Significant intercepts > 1% Pb+ Zn, from the 2021 diamond drilling program at Pillara East

Hole ID	From (m)	To (m)	Interval (m)	Pb (%)	Zn (%)	Pb + Zn (%)
EPDD2101	29.00	39.10	10.10	0.51	2.04	2.55
including	34.80	38.00	3.20	0.54	4.57	5.11
EPDD2102	55.28	57.00	1.72	8.91	4.61	13.51
EPDD2102	65.12	66.50	1.38	3.24	3.67	6.91
EPDD2103	65.00	67.07	2.07	0.17	2.48	2.65
EPDD2104	36.40	42.00	5.60	0.77	2.17	2.94
including	38.00	41.10	3.10	1.00	2.65	3.65
EPDD2106	34.50	58.00	23.50	0.07	1.97	2.04
including	39.40	45.00	5.60	0.06	3.31	3.37
EPDD2107	22.25	28.00	5.75	0.30	1.49	1.78
EPDD2107	37.00	41.00	4.00	1.00	0.27	1.27
EPDD2107	49.00	53.00	4.00	0.51	1.12	1.63
EPDD2109	79.70	90.00	10.30	0.20	2.01	2.21
including	87.00	90.00	3.00	0.48	2.97	3.45
EPDD2115	31.00	33.00	2.00	1.24	4.70	5.94
EPDD2115	36.00	40.00	4.00	2.92	2.77	5.69

Two styles of mineralisation were intercepted. The first is a tectonically controlled breccia developed in fault zones within platform facies carbonates. The mineralised breccia show limestone clasts rimmed by sphalerite, galena, marcasite, and occasional sparry calcite (Figure 1). The style of mineralisation is reminiscent of the Pillara deposit.

The second style is high-angle vein and crackle breccia zones within platform and fore-reef facies carbonates. This mineralisation is generally higher in lead with only minor marcasite and calcite (Figure 2). This style of mineralisation is similar to that seen at several places along the Lennard Shelf including the Gap Creek Prospect



Figure 3: Sphalerite-rich breccia-style mineralisation - EPDD2101: 1.20m @ 4.28% Zn + Pb from 34.8m.



Figure 4: Sphalerite & galena-rich high angle-style mineralisation - EPDD2115: 1m @ 8.04% Zn + Pb from 38m.

It is postulated that the Home Range Fault and associated north trending faults - Devious, ED3 and Valley, are part of the mineralising fluids transport system out of both the Proterozoic basement and the Canning Basin, with the ENE trending Uncle Billy Fault being a favourable orientation for dilation zones associated with horst/graben structures and prospective for accumulations of metalliferous fluids. To date, the Company has tested less than 400m of the Uncle Billy Fault, with a significant strike remaining untested (Figure 2).

The Company believes the assay results confirm a mineralised system is present and highlight the potential for discovering new areas of lead-zinc mineralisation associated with the Uncle Billy Fault which remains largely untested. Importantly, the mineralisation intersected by Albion is shallow, with most encountered at depths around 30m – 60m below surface. The Company has commenced integrating the drilling results with all historical data sets and planning for an active 2022 exploration program across its 100% owned Lennard Shelf Project.

Leinster Project:

Overview

The Leinster Project, located 30km southeast of Leinster, covers an area of 42km² 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 December 2021 quarter, the Company completed a 1,500m maiden RC drill program along strike to Auroch's the Horn and related Ni-Cu prospects. The 10 hole program targeted anomalous magnetic features, interpreted as being associated with high-magnesium nickeliferous ultramafic rocks over a strike length of ~2.5km.



Figure 5: RC Drill Rig in operation at the Leinster Project

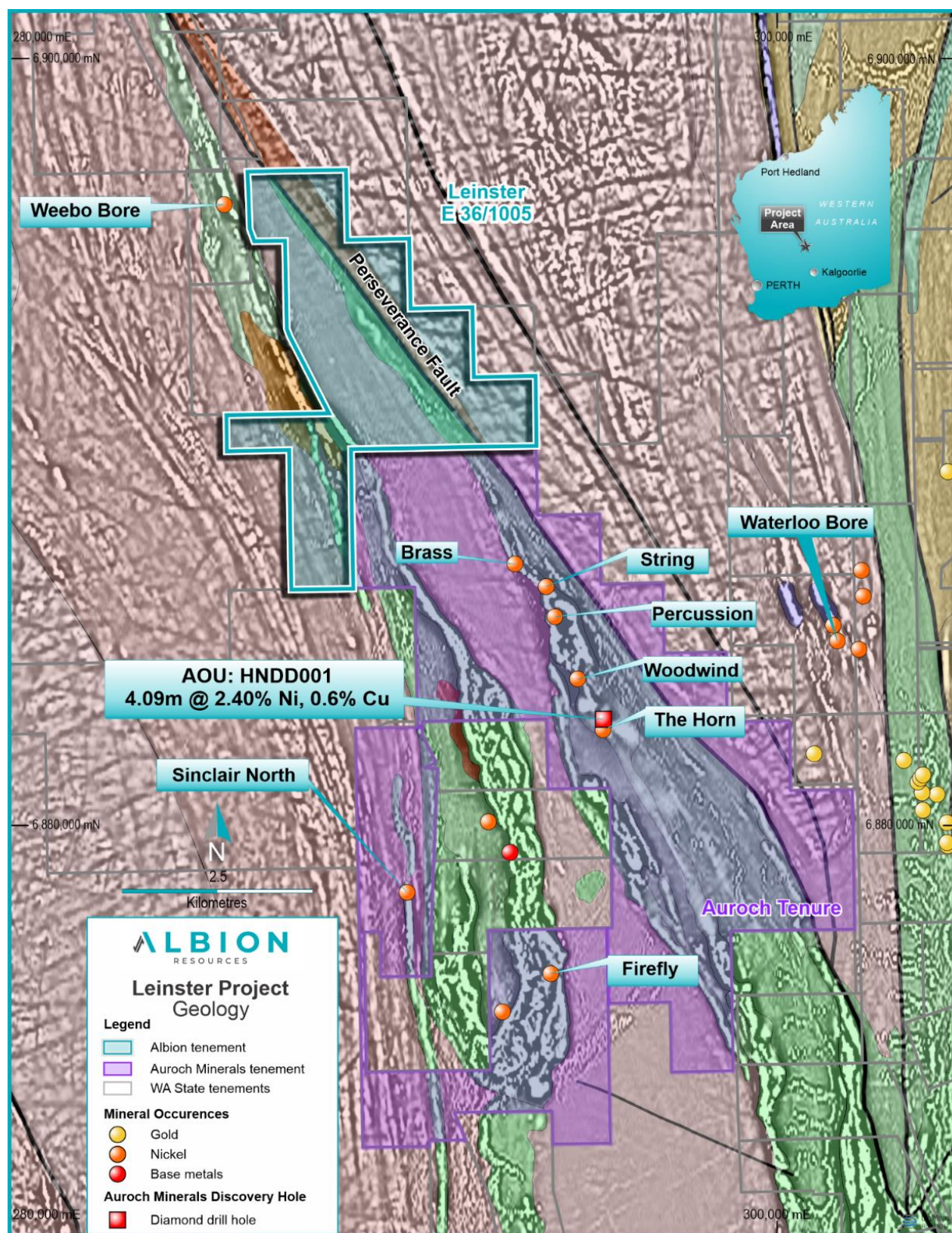


Figure 6: Leinster Project - Magnetics with overlain GSWA geology relative to nearby nickel and gold occurrences, prospects and deposits

All 4m composite samples have been sent to the SGS laboratory at Perth Airport for multi-element analysis. These samples arrived at the laboratory on 21 December, with results expected to be received in March 2022.

Corporate:

Cash on hand as the end of the quarter was \$3.1M.

On 23 December 2021, Mark Major was appointed as a non-executive director and Jonathan King resigned as non-executive director. Mark Major is a qualified geologist with a Masters in Business Administration and has more than 27 years in the resources industry. During the last 19 years, Mr Major has held executive and senior management roles within junior and mid-tier resources companies within Australia and internationally. Mr Major's senior executive and board experience includes project generation, evaluation and acquisition, JV negotiation, financing, permitting and approvals, feasibility study management, offtake and government relations. Mr Major has a strong track record in shareholder wealth creation and has been instrumental in developing greenfield exploration projects to the mine development.

On 14 October 2021, the Company announced that it has appointed Alignment Capital Pty Ltd ("Alignment Capital") as its corporate advisor for a period of 2 years. Alignment Capital is a boutique corporate advisory firm that provides a unique service to emerging companies listed on the ASX with the foundations of its business being experience, capital markets insight and access to capital. Alignment Capital was founded in 2014 by a team who has over 50 years' experience in stockbroking and corporate finance, largely with ASX-listed small capitalisation companies. As consideration for these services, the Company issued 6,000,000 options exercisable at \$0.25 on or before 29 September 2023 (ASX: ALBO) in lieu of cash payment, subject to a voluntary escrow period of 12 months.

Related Party Payments

Pursuant to item 6 in the Company's Appendix 5B – Quarterly Cashflow Report for the Quarter ended 31 December 2021, the Company made payments of \$129k to related parties which relate to existing remuneration arrangements (director fees and superannuation) of \$55k and technical consulting fees to Collective Prosperity Pty Ltd (entity controlled by Mr Jonathan King) of \$74k.

Exploration

ASX Listing Rule 5.3.1: Exploration and Evaluation Expenditure during the Quarter was \$1,004k. 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 31 December 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.

Expenditure Item	Use of Funds \$'000	Actual Expenditure (30.04.2021 - 31.12.2021) \$'000	Variance \$'000
Existing cash reserves	290	138	(152)
Proceeds from Public Offer	5,000	5,000	-
Total Funds	5,290	5,138	(152)
Exploration Expenditure	(2,700)	(1,244)	1,456
General administration fees and working capital	(2,090)	(413)	1,677
Estimated expenses of the Public Offer	(500)	(364)	136
Expenses of the Loyalty Options Offer (net)	-	(48)	(48)
Total Funds Year 1 & 2	(5,290)	(2,069)	3,221
Remaining cash balance			3,069

Note: The variance is due to timing difference of the Prospectus forecast over 2 years vs. 8 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

Competent Persons Statement

The information in this announcement is based on and fairly represents information compiled by Mr Nigel Wilson, geologist, who is a Member of the Australian Institute of Geoscientists and employed by Albion Resources Pty Ltd, and is an accurate representation of the available data and studies for the Project. Mr Wilson 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 Wilson 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")

31 December 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(1,004)	(1,192)
	(b) development		
	(c) production		
	(d) staff costs		
	(e) administration and corporate costs	(110)	(235)
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)		
1.9	Net cash from / (used in) operating activities	(1,114)	(1,427)

2.	Cash flows from investing activities		
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		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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)		
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	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	(13)	(70)
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)		
3.10	Net cash from / (used in) financing activities	(13)	(48)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,196	4,544
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,114)	(1,427)
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)	(13)	(48)

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 (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,069	3,069

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	3,069	4,196
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,069	4,196

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	129
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	Total financing facilities		
7.5	Unused financing facilities available at quarter end		
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.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,114)
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)	(1,114)
8.4	Cash and cash equivalents at quarter end (item 4.6)	3,069
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	3,069
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.75
<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?	
	Answer: N/A	
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?	
	Answer: N/A	
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?	
	Answer: N/A	
<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: **31 January 2022**

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

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

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.