

June 2021 Quarterly Activities Report

- ASX debut on 30 April 2021 following successful \$5 million IPO
- Asset portfolio underpinned by the high grade Zinc-Lead Lennard Shelf Project and Nickel-Copper and Gold Leinster Project, both 100% owned and located within Western Australia
- Loyalty options prospectus currently being drafted

Lennard Shelf Project:

- Detailed data review of historical exploration at Pillara East uncovered numerous high-grade copper, lead, and zinc rock chip results, with grades up to 27.5% Zn, 36% Pb and 3.66% Cu
- Reconnaissance site visit resulted in several highly promising outcomes:
 - Zinc and lead mineralisation confirmed at previously known gossans: Devious, Extreme, and Chance, which remain inadequately drill tested by past explorers
 - Visible galena and hydrozincite (after sphalerite) discovered 350m north of historical drillhole EPP11, which assayed 4.6m @ 5% Zn and 30.5% Pb from 54m
 - New gossanous horizon identified at Prices Hill with over 500m of exposed mineralisation
- Successful meetings and strong alliance formed between Gooniyandi Aboriginal Corporation, Gooniyandi Traditional Owners and the Albion Board, leading to the signing of a landmark Native Title, Heritage Protection and Mineral Exploration agreement subsequent to quarter end
- Drilling POW submitted and approved by DMIR. Diamond drilling program to commence following cultural clearance of the targeted exploration areas

Leinster Project:

- Tenement (E36/1005) granted in the world-class nickel, copper and gold province of Leinster
- Recent drilling success by neighbour Auroch (ASX:AOU) at several nearby Ni-Cu prospects, elevates the base metal prospectivity with geophysical imagery indicating that the same ultramafic host rocks extend into Albion's tenement
- Reconnaissance site visit commenced subsequent to quarter end, with a focus on areas of interest proximal to the Perseverance Fault

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

Albion Executive Chairman, Mr Colin Locke, said "the Company had made great progress in unlocking the significant value potential at the Lennard Shelf Project since its ASX listing on 30 April 2021.

I am delighted with the strong alliance formed between Gooniyandi Aboriginal Corporation, Gooniyandi Traditional Owners and Albion Board which has led to the HPA being signed in a timely manner.

We are keen to get on with the job and drill our highly promising prospects at Pillara East as soon as possible."

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 ~393 km² and contains comparable geology to Pillara and the Cadjebut Trend.

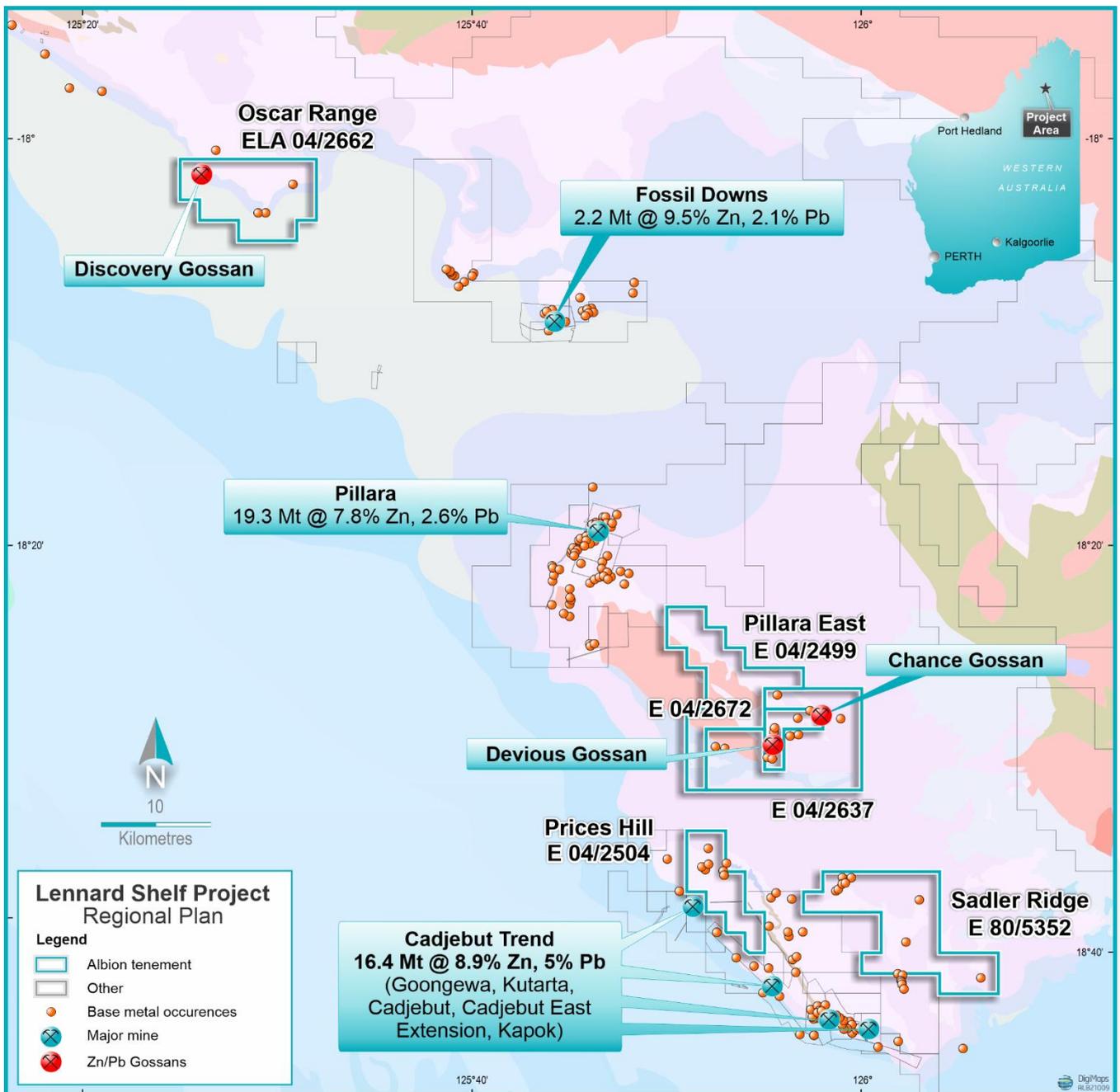


Figure 1: Lennard Shelf Regional Plan

Recent Activities

During the quarter, the Company announced numerous high-grade rock chip results in copper, lead, and zinc following a detailed review of the historical exploration at Pillara East. Numerous rock chip samples with elevated zinc, lead, and copper returned assays exceeding 10% combined Pb + Zn, with some samples exceeding 3% Cu. Best results include 36% Pb, 35.7% Pb, 27.5% Zn, 26.1% Zn, 3.66% Cu and 3.65% Cu (Figure 2). This first pass analysis encouragingly highlighted exploration target areas in favourable structural and stratigraphic locations, supported by geochemistry, nearby drill intercepts, the presence of surface gossans and alteration products related to mineralisation. See ASX Announcement dated 12 May 2021 for full details.

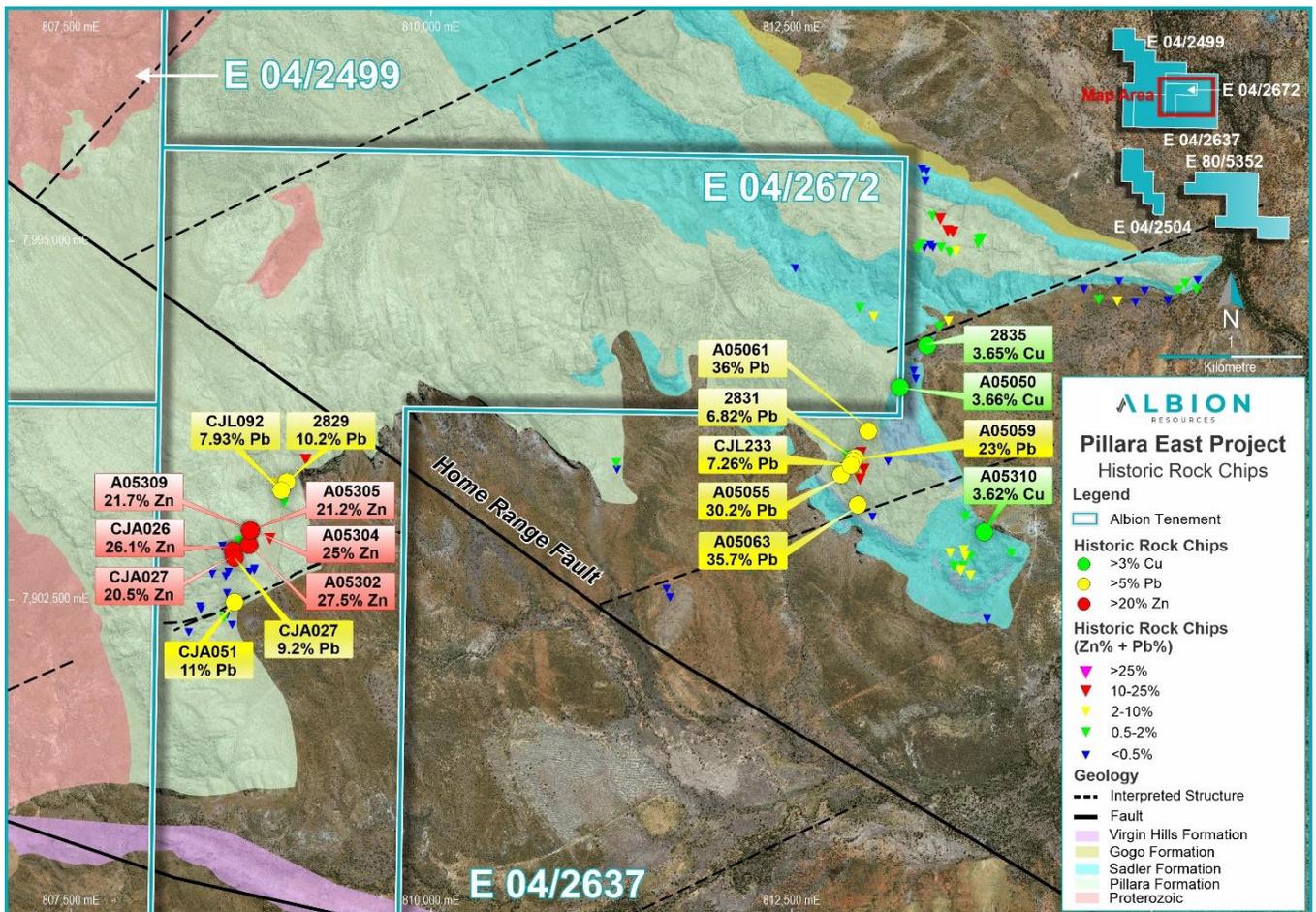


Figure 2: Historical rock chip samples collected during the mid to late 1990s, mainly over the central and eastern parts of the Pillara East project area.

The Company completed a successful site visit to the Project during the quarter. The site visit covered the granted tenure, field review of known gossans, productive collar search for historical drilling, confirmed land and drill access, Albion’s technical team surveyed the primary targets and achieved several outcomes, including:

- ✓ Visible galena and sphalerite mineralisation observed at the Devious, Extreme and Chance gossans on Pillara East, with visible malachite observed on the Extreme gossan.
- ✓ Visible galena and hydrozincite mineralisation identified 350m north of EPP11, near the Devious gossan.
- ✓ Discovery of an iron-rich gossanous horizon at Prices Hill with over 500m of exposed oxide mineralisation.
- ✓ Understanding key access roads into prospect areas for drilling.
- ✓ Location of critical historical drill collars, providing accurate positioning and context for drilling.



Figure 3: Visible galena and hydrozincite (after sphalerite) discovered 350m north of historical drillhole EPP11, near Devious gossan (808496.237mE, 7952741.769mN)

The Gooniyandi Traditional Owners are the recognised native title holders of the land on which the Company's Project is located. During the quarter, Albion board members attended meetings in Fitzroy Crossing with Gooniyandi Aboriginal Corporation (GAC) Committee Members and Gooniyandi Traditional Owners. Discussions covered a number of matters including proposed drilling programs, heritage needs, geology and the exploration process, project access and heritage surveys, community programs, and other support.

Subsequent to quarter end, 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 and is a key milestone which enables Albion to progress its diamond drilling program, subject to cultural clearance of the targeted exploration areas.

The drilling program will focus on the Pillara East Sub Project and its several promising prospects, including where historical drillhole EPP11 intersected 4.6m @ 5% Zn and 30.5% Pb from 54m.

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.

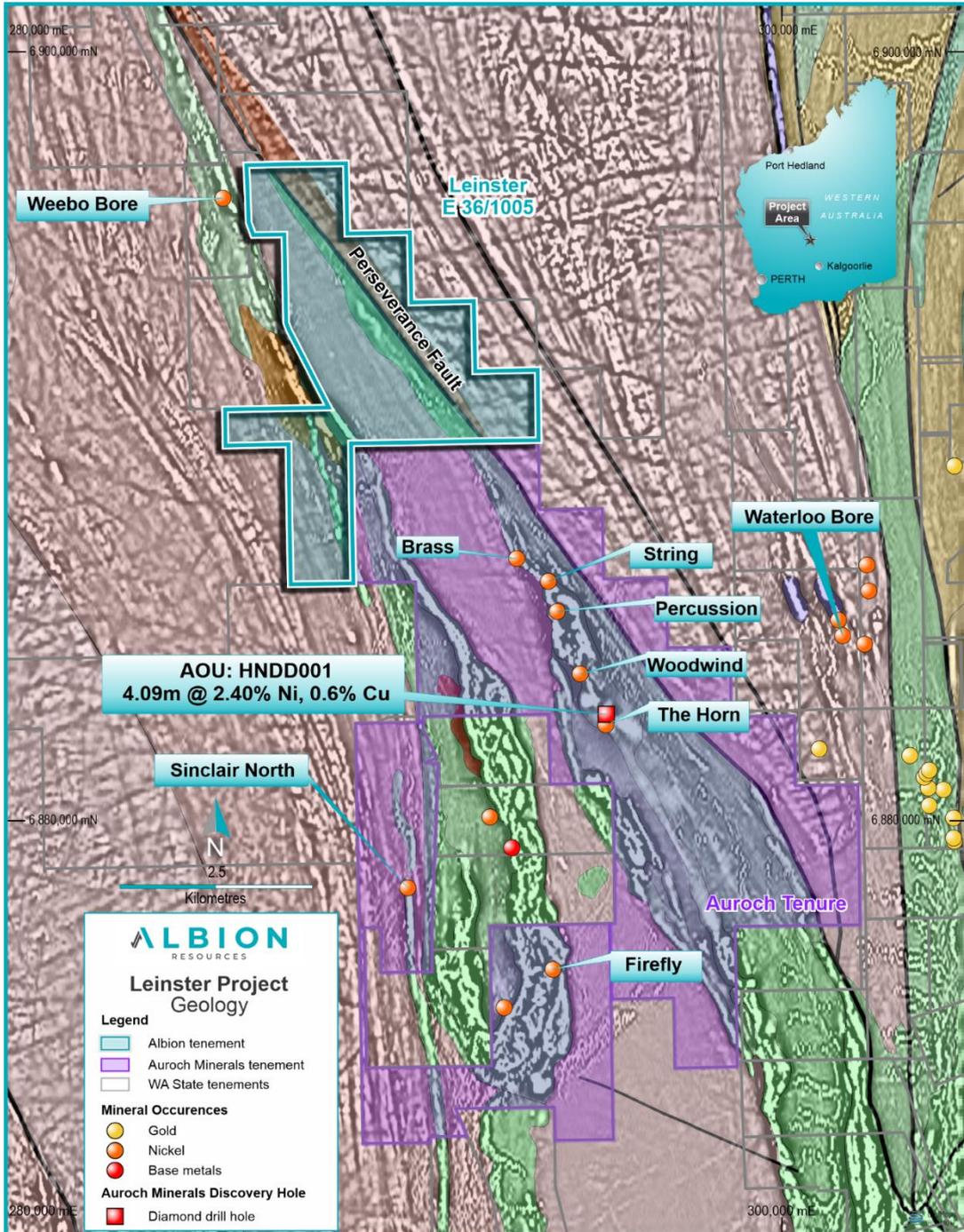


Figure 4: Leinster Project relative to nearby nickel and gold occurrences, prospects and deposits

Recent Activities

On 18 June 2021, the Company announced that tenement E36/1005, comprising the Leinster Project, was granted.

Albion completed a review of the regolith setting and previous surface exploration including geological, geochemical, and geophysical datasets. This review highlighted that the historic drilling was mostly shallow (<100m), with both nickel and gold mineralised intercepts poorly tested at depth by RC or diamond drilling.

Subsequent to quarter end, a reconnaissance site visit commenced with a focus on areas of interest proximal to the Perseverance Fault.

Corporate

Cash on hand as the end of the quarter was \$4.54M.

A loyalty options prospectus is currently being drafted in accordance with section 1.8 of the IPO Prospectus dated 18 March 2021.

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 \$35k 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 \$52k. Exploration during the Quarter largely comprised of data compilation, site visit, heritage agreement negotiations 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 June 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%	-
Lennard Shelf	Oscar Range	E04/2662	Application	-	-
Leinster	-	E36/1005	Granted	100%	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 - 30.06.2021) \$'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 - Lennard Shelf	(2,630)	(52)	2,578
Exploration Expenditure - Leinster	(70)	-	70
General administration fees and working capital	(2,090)	(178)	1,912
Estimated expenses of the Public Offer	(500)	(364)	136
Total Funds Year 1 & 2	(5,290)	(594)	4,696
Remaining cash balance			4,544

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

This announcement has been approved for release by the Board.

FOR FURTHER INFORMATION:

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 Executive Chairman
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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 June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(52)	(177)
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(194)	(222)
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	(246)	(399)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) tenements		
(c) property, plant and equipment		
(d) exploration & evaluation (if capitalised)		
(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 (12 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)	5,000	5,502
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	(364)	(520)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	-	(40)
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	4,636	4,942

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	154	1
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(246)	(399)
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)	4,636	4,942

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 (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,544	4,544

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	4,544	154
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)	4,544	154

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

35

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

6.1 comprises director's fees for the quarter.

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
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)	(246)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(246)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	4,544
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	4,544
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	18.47
8.8	If Item 8.7 is less than 2 quarters, please provide answers to the following questions:
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
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
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

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: **30 July 2021**

Authorised by: **By the Board**

(Name of body or officer authorising release – see note 4)

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.