



Albion Resources Limited
ACN: 620 545 664

Annual Report
for the Year Ended 30 June 2021

ALBION RESOURCES LIMITED

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**ALBION RESOURCES LIMITED
CORPORATE DIRECTORY**

Directors

Executive Chairman

Mr Colin Locke

Non-Executive Director

Mr Jonathan King

Non-Executive Director

Mr David Palumbo

Company Secretary

Mr David Palumbo

Registered and Principal Office

Level 11
216 St Georges Terrace
Perth Western Australia 6000

Telephone : +61 (8) 9481 0389
Facsimile : +61 (8) 9463 6103

Auditors

Hall Chadwick WA Audit Pty Ltd
283 Rokeby Road, Subiaco
Perth Western Australia 6008

Bankers

National Australia Bank Limited
Ground Floor, 100 St Georges Terrace
Perth Western Australia 6000

Share Registrar

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth WA 6000

Tel: +61 (8) 9323 2000
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ALBION RESOURCES LIMITED DIRECTORS' REPORT

The Directors present their report together with the financial statements of Albion Resources Limited (referred to hereafter as "the Company") for the financial year ended 30 June 2021.

Directors

The name and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire year unless stated otherwise.

Mr Colin Locke - Executive Chairman (appointed 19 July 2017)

Mr Jonathan King – Non-Executive Director (appointed 19 July 2017)

Mr David Palumbo – Non Executive Director (appointed 19 July 2017)

Principal Activities

The principal activity of the Company during the financial year was the acquisition, exploration and evaluation of resource projects.

Operating Results for the Year

The operating result of the Company for the financial year was a loss of \$445,203 (2020: \$53,155).

Significant Changes in State of Affairs

Other than those disclosed in this annual report, no significant changes in the state of affairs of the Company occurred during the financial year.

Review of Operations

Albion made its ASX debut on 30 April 2021 following a successful \$5 million IPO, led by CPS Capital.

Since IPO, the Company commenced work across its Lennard Shelf and Leinster Projects as detailed below.

Lennard Shelf Project:

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.

During the June 2021 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. 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.

The Company completed a successful site visit to the Project during the June 2021 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.

ALBION RESOURCES LIMITED DIRECTORS' REPORT

The Gooniyandi Traditional Owners are the recognised native title holders of the land on which the Company's Project is located. During the June 2021 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 year end, a Native Title, Heritage Protection and Mineral Exploration Agreement (HPA) was signed with the GAC 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.

Leinster Project:

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.

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

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

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.

Significant Events after Reporting date

On 13 August 2021, the Company announced a non-renounceable entitlement issue of options to eligible shareholders on the basis one (1) option ("Loyalty Option") for every two (2) ordinary shares held by eligible shareholders at 5pm (WST) on the Record Date of 18 August 2021 ("Record Date") at an issue price of A\$0.001 (0.1 cents) per Loyalty Option ("Entitlement Offer"). On 9 September 2021, a total of 22,000,000 options exercisable at \$0.25 on or before 29 September 2023 were issued raising \$22,000, before costs.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

ALBION RESOURCES LIMITED DIRECTORS' REPORT

Information on Directors

Mr Colin Locke **Executive Chairman**

Mr Locke has 30 years' experience in business management, mining and financial services. During his career, Mr Locke has been directly involved in capital raisings, and/or mineral exploration expeditions in Indonesia, Russia, Republic of Congo, Gabon, Namibia, Malawi, Madagascar, Uganda and Zimbabwe. Accordingly, Mr Locke brings to stake holders a mining related background with business management, capital markets and international exploration success spanning over 30 years. Mr Locke is currently Executive Chairman of Krakatoa Resources Limited.

Mr Jonathan King **Non-Executive Director**

30 years' experience in exploration geochemistry and geology. Responsible for several major mapping, technical evaluation and geochemistry reinterpretation projects for greenfields and near-mine target generation and exploration programs in Korea, Fiji, Colombia, Mexico, Peru, Brazil, China, Africa, Indonesia, USA, and Australia. Instrumental in the discovery of a gold deposit at the Wallbrook prospect, Edjudina, and extensions to existing resources at the Sunrise Deposit, Granny Smith Mine, Laverton. Responsible for the development of the maiden Iron Ore Resources at Red Hill and Beyondie. Experienced in all aspects of exploration geology and management.

Mr David Palumbo **Non-Executive Director and Company Secretary**

Mr Palumbo is a Chartered Accountant and graduate of the Australian Institute of Company Directors with over 15 years' experience across company secretarial, corporate advisory and financial management and reporting of ASX listed companies. Mr Palumbo is Head of Corporate Compliance at Mining Corporate Pty Ltd, where he has been actively involved in numerous corporate transactions. Mr Palumbo is currently company secretary for several ASX listed companies and a non-executive director of Krakatoa Resources Limited.

Interests in the Shares of the Company

As at the date of this report, the interests of the Directors in the securities of Albion Resources Limited were:

Directors	Ordinary Shares held	Options held
C.Locke	3,200,000	1,600,000
J.King	1,500,000	-
D.Palumbo	3,700,000	1,850,000

Dividends

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each director of Albion Resources Limited and for the executives receiving the highest remuneration.

1. Employment Agreements

Under the terms of the executive agreement, Mr Locke's total remuneration package is currently \$100,000 plus superannuation effective on admission to ASX (30 April 2021). The executive agreement may be terminated by either party in accordance with Company's constitution.

ALBION RESOURCES LIMITED DIRECTORS' REPORT

Appointments of non-executive directors David Palumbo and Jonathon King are formalised in the form of service agreements between themselves and the Company. Their engagements have no fixed term but cease on their resignation or removal as a director in accordance with the Corporations Act 2001. Mr Palumbo is currently entitled to receive directors' fees of \$60,000 plus superannuation and Mr King is currently entitled to receive directors' fees of \$40,000 per annum plus superannuation both effective on admission to the ASX (30 April 2021). Additionally, Mr King has been engaged through his company Collective Propserity Pty Ltd as a consultant to perform technical consulting services. Per the agreement he is entitled to \$130 per hour (exc GST), and/or a daily rate of \$1,100 (exc GST) for site related travel.

2. Remuneration policy

The Company's remuneration policy has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Company is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board.
- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation and are entitled to the issue of share options.
- Incentive paid in the form of share options are intended to align the interests of directors and Group with those of the shareholders.

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the Company's shareholders' value. The board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements. All remuneration paid to directors and executives is valued at the cost to the Company and expensed to exploration expenditure as appropriate. Options, if given to directors and executives in lieu of remuneration, are valued using the Black-Scholes methodology. The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to non-executive directors is \$250,000 per annum. Remuneration paid to executive directors is determined by the board. Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Group and are able to participate in the employee share option plan.

3. Performance-based remuneration

There is currently no performance-based remuneration policy in place.

4. Details of remuneration for the year ended 30 June 2021

The remuneration for each key management personnel of the Company during the financial year ended 30 June 2021 and 30 June 2020 was as follows:

**ALBION RESOURCES LIMITED
DIRECTORS' REPORT**

2021	Short-term Benefits	Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Performance Related	Value of Options Re-muneration
Key Management Person Directors	Cash, salary & commissions	Super-annuation	Other	Equity	Options			
	\$	\$	\$	\$	\$	\$	%	%
Colin Locke	16,667	1,583	-	-	-	18,250	-	-
David Palumbo	10,000	950	-	-	-	10,950	-	-
Jonathon King	6,667	633	-	-	-	7,300	-	-
	33,334	3,166	-	-	-	36,500	-	-

2020	Short-term Benefits	Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Performance Related	Value of Options Re-muneration
Key Management Person Directors	Cash, salary & commissions	Super-annuation	Other	Equity	Options			
	\$	\$	\$	\$	\$	\$	%	%
Colin Locke	-	-	-	-	-	-	-	-
David Palumbo	-	-	-	-	-	-	-	-
Jonathon King	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

5. Equity holdings of key management personnel

Shareholdings

Number of shares held by key management personnel during the financial year ended 30 June 2021 was as follows:

2021	Balance 1.7.2020 No.*	Received as Compensation No.	Options Exercised No.	Net Change Other No.	Balance 30.6.2021 No.
Directors					
Colin Locke	3,200,000	-	-	-	3,200,000
David Palumbo	3,700,000	-	-	-	3,700,000
Jonathon King	1,500,000	-	-	-	1,500,000
Total	8,400,000	-	-	-	8,400,000

* Post consolidated basis

Option holdings

Number of options held by key management personnel during the financial year ended 30 June 2021 was as follows:

2021	Balance 1.7.2020 No.	Received as Compensation No.	Options Expired No.	Net Change Other No.	Balance 30.6.2021 No.
Directors					
Colin Locke	-	-	-	-	-
David Palumbo	-	-	-	-	-
Jonathon King	-	-	-	-	-
Total	-	-	-	-	-

ALBION RESOURCES LIMITED DIRECTORS' REPORT

6. Other transactions with key management personnel

During the year ended 30 June 2021, Collective Prosperity Pty Ltd, an entity which Jonathan King is a director, invoiced for consulting fees of \$10,322 plus GST for services performed in line with the scope of the agreement (2020: \$Nil) . The services were provided on arm's length terms.

There were no other transactions with key management personnel during the 2021 financial year.

7. Equity instruments granted as compensation

There were no other equity instruments granted as compensation during the year.

8. Company Performance

The earnings of the consolidated entity for the five years to 30 June 2021 are summarised below:

End of "Remuneration Report (Audited)"

ALBION RESOURCES LIMITED DIRECTORS' REPORT

Directors' Meetings

The number of directors' meetings and the number of meetings attended by each of the directors of the Company for the time the director held office during the financial year are as follows:

Director	No. eligible to attend	No. attended
C. Locke	5	5
D. Palumbo	5	5
J. King	5	5

Indemnification and Insurance of Officers

The Company has entered into deeds of indemnity with each director and the company secretary whereby, to the extent permitted by the Corporations Act 2001, the Company agreed to indemnify each director against all loss and liability incurred as an officer of the Company, including all liability in defending any relevant proceedings.

The Company has paid premiums to insure each of the directors and the company secretary against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The disclosure of the amount of the premium is prohibited by the insurance policy.

Indemnity and Insurance of Auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company or any part of those proceedings.

Share Options

At the date of this report, Albion Resources Limited has 22,000,000 options exercisable at \$0.25 on or before 29 September 2023 and 3,000,000 options exercisable at \$0.25 on or before 21 January 2024 on issue.

Environmental Regulation

The Directors are mindful of the regulatory regime in relation to the impact of the organisation's activities on the environment. There have been no known breaches of any environmental regulation by the Company during the financial year.

Future Developments

Further information, other than as disclosed this report, about likely developments in the operations of the Company and the expected results of those operations in future years, has not been included in this report as disclosure of this information would be likely to result in unreasonable prejudice to the Company.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors support, and adhere to, good corporate governance practices. Refer to the Company's Corporate Governance Statement at <https://albionresources.com.au/corporate-governance-policies/>

ALBION RESOURCES LIMITED DIRECTORS' REPORT

Non-Audit Services

During this financial year, \$11,038 was paid to Bentleys (now known as Hall Chadwick WA Audit Pty Ltd) to provide Independent Assurance services in relation to the Company's prospectus and listing during the year.

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Auditor Independence

Section 307C of the Corporations Act 2001 requires our auditors, Hall Chadwick WA Audit Pty Ltd to provide the Directors of the Company with an Independence Declaration in relation to the audit of this financial report. The Directors have received the Independence Declaration which has been included within this financial report.

Signed in accordance with a resolution of the directors:



Mr Colin Locke
Executive Chairman

Dated this 10th day of September 2021

To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit partner for the audit of the financial statements of Albion Resources Limited for the financial year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully,



HALL CHADWICK WA AUDIT PTY LTD



DOUG BELL CA
Partner

Dated at Perth this 10th day of September 2021

ALBION RESOURCES LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
Revenue	4(a)	-	-
Exploration, evaluation and tenement acquisition expense	4(b)	(248,240)	(49,550)
Directors' fees	14	(36,500)	-
Corporate compliance expense		(97,079)	(3,287)
Administration expense		(63,384)	(318)
Profit/(loss) before income tax		<u>(445,203)</u>	<u>(53,155)</u>
Income tax expense	5	-	-
Net profit/(loss) for the year		(445,203)	(53,155)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		<u>(445,203)</u>	<u>(53,155)</u>
Basic and diluted loss per share (cents per share)	22	(1.98)	(0.46)

The accompanying notes form part of these financial statements

ALBION RESOURCES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	4,544,380	622
Trade and other receivables	7	44,244	2,027
Other Assets	8	10,725	-
TOTAL CURRENT ASSETS		4,599,349	2,649
TOTAL ASSETS		4,599,349	2,649
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	136,405	12,768
Borrowings	10	-	40,408
TOTAL CURRENT LIABILITIES		136,405	53,176
TOTAL LIABILITIES		136,405	53,176
NET ASSETS / (DEFICIT)		4,462,944	(50,527)
EQUITY			
Issued capital	11	4,654,613	34,058
Reserves	12	338,119	-
Accumulated losses		(529,788)	(84,585)
TOTAL EQUITY		4,462,944	(50,527)

The accompanying notes form part of these financial statements

ALBION RESOURCES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

		2021 \$	2020 \$
Cash flows from operating activities			
Payments to suppliers and employees		(182,368)	(49,472)
Payments for exploration and evaluation expenditure		(208,694)	-
Net cash flows from/(used in) operating activities	17	<u>(391,062)</u>	<u>(49,472)</u>
Cash flows from financing activities			
Proceeds from borrowings		1,000	29,888
Loans repaid by the entity		(41,408)	-
Proceeds from issue of shares in the Company (net of costs)		<u>4,975,228</u>	<u>20,100</u>
Net cash flows from financing activities		<u>4,934,820</u>	<u>49,988</u>
Net (decrease)/ increase in cash and cash equivalents		4,543,758	516
Cash and cash equivalents at the beginning of the year		622	106
Cash and cash equivalents at the end of the year	6	<u><u>4,544,380</u></u>	<u><u>622</u></u>

The accompanying notes form part of these financial statements

ALBION RESOURCES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Issued Capital	Reserves	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2019	13,958		(31,430)	(17,472)
Loss for the year	-	-	(53,155)	(53,155)
Other comprehensive income	-	-	-	-
	-	-	(53,155)	(53,155)
Transactions with equity holders in their capacity as owners				
Issue of shares (net of costs)	20,100	-	-	20,100
Total transactions with equity holders in their capacity as owners	20,100	-	-	20,100
Balance at 30 June 2020	34,058	-	(84,585)	(50,527)
Balance at 1 July 2020	34,058	-	(84,585)	(50,527)
Loss for the year	-	-	(445,203)	(445,203)
Other comprehensive income	-	-	-	-
	-	-	(445,203)	(445,203)
Transactions with equity holders in their capacity as owners				
Options issued during the year	-	338,119	-	338,119
Issue of shares (net of costs)	4,620,555	-	-	4,620,555
Total transactions with equity holders in their capacity as owners	4,620,555	338,119	-	4,958,674
Balance at 30 June 2021	4,654,613	338,119	(529,788)	4,462,944

The accompanying notes form part of these financial statements

**ALBION RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

1. CORPORATE INFORMATION

This financial report of Albion Resources Limited ("Company") was authorised for issue in accordance with a resolution of the directors on 10 September 2021.

Albion Resources Limited is a public non-listed company, incorporated and domiciled in Australia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets,

(b) Accounting Standards that are mandatorily effective for the current reporting year

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2020. New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Company include:

- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business
- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New FRS Standards Not Yet Issued in Australia.

The Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Company accounting policies.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Company has not applied the new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective. Based on a preliminary review of the standards and amendments, the Directors do not anticipate a material change to the Company's accounting policies, however further analysis will be performed when the relevant standards are effective.

ALBION RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

(c) Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision makers to make decisions about resources to be allocated to the segments and assess their performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues.

Operating segments have been identified based on the information presented to the chief operating decision makers – being the Board of Directors.

Information about other business activities and operating segments that do not meet the quantitative criteria set out in AASB 8 "Operating Segments" are combined and disclosed in a separate category called "other".

(d) Exploration and Evaluation Assets

Exploration and evaluation expenditure in relation to the Company's mineral tenements is expensed as incurred. When the Directors decide to progress the development of an area of interest all further expenditure incurred relating to the area will be capitalised. Projects are advanced to development status and classified as mine development when it is expected that further expenditure can be recouped through sale or successful development and exploitation of the area of interest. Such expenditure is carried forward up to commencement of production at which time it is amortised over the life of the economically recoverable reserves. All projects are subject to detailed review on an annual basis and accumulated costs written off to the extent that they will not be recoverable in the future.

(e) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

(f) Trade and Other Payables

Liability for trade creditors and other amounts are carried at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed.

(g) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days. The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been Company based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(h) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

ALBION RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a current liability until extinguished on conversion or redemption as the maturity date is within 12 months. The corresponding interest on convertible notes is expensed to profit or loss.

(i) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(j) Revenue Recognition

The Company recognises revenue as follows:

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(k) Income Tax

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the financial period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same tax authority.

(l) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is

ALBION RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(m) Impairment of Assets

At the end of each reporting period, the directors assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Accounting Standard.

Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

ALBION RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

(n) Goods and Services Tax (“GST”)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(o) Employee Benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

(p) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company. In the opinion of the directors, there are no critical accounting estimates or judgments in this financial report. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

ALBION RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

3. SEGMENT INFORMATION

The Company has identified its operating segments based on the internal reports that are used by the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by the Board based on the phase of operation within the mining industry. For management purposes, the Company has organised its operations into two reportable segments on the basis of stage of development as follows:

- Development assets; and
- Exploration and evaluation assets, which includes assets that are associated with the determination and assessment of the existence of commercial economic reserves.

The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

During this financial year, the Company had no development assets. The Board considers that it has only operated in one segment, being mineral exploration.

4. REVENUES AND EXPENSES

	2021	2020
	\$	\$
(a) Revenue		
Other revenue	-	-
	-	-
(b) Exploration, evaluation and tenement acquisition expense		
General exploration and evaluation	248,240	49,550
	248,240	49,550

5. INCOME TAX

Major components of income tax expense are:

	2021	2020
	\$	\$
Income tax expense reported in the statement of profit or loss and other comprehensive income	-	-

A reconciliation of income tax expense applicable to accounting loss before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate is as follows:

ALBION RESOURCES LIMITED
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	2021	2020
	\$	\$
Net profit/(loss) before income tax expense	(445,203)	(53,155)
Prima facie tax calculated at 26% (2020: 27.5%)	(115,753)	(14,618)
Non-deductible expenses	3,065	498
Tax losses carried forward	112,688	14,120
Income tax expense	-	-
Unrecognised tax losses		
Revenue losses	512,301	78,887

Availability of Tax Losses

The availability of the tax losses for future years is uncertain and will be dependent on the Company satisfying strict requirements with respect to continuity of ownership and the same business test imposed by income tax legislation.

The recoupment of available tax losses as at 30 June 2021 is contingent upon the following:

- (a) the Company deriving future assessable income of a nature and of an amount sufficient to enable the benefit from the losses to be realised;
- (b) the conditions for deductibility imposed by income tax legislation continuing to be complied with; and
- (c) there being no changes in income tax legislation which would adversely affect the Company from realising the benefit from the losses.

Given the Company is currently in a loss making position, a deferred tax asset has not been recognised with regard to unused tax losses, as it has not been determined that the Company will generate sufficient taxable profit against which the unused tax losses can be utilised.

6. CASH AND CASH EQUIVALENTS

	2021	2020
	\$	\$
Cash at bank and in hand	4,544,380	622

Cash at bank and in hand earns interest at floating rates based on daily at call bank deposit and savings rates.

7. TRADE AND OTHER RECEIVABLES

	2021	2020
	\$	\$
GST receivable	44,244	2,027
	44,244	2,027

ALBION RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

8. OTHER ASSETS

	2021 \$	2020 \$
Prepayments	10,725	-
	<u>10,725</u>	<u>-</u>

9. TRADE AND OTHER PAYABLES

	2021 \$	2020 \$
Trade and other payables	136,405	12,768
	<u>136,405</u>	<u>12,768</u>

Trade creditors, excluding related party payables, are expected to be paid on 30 day terms.

10. BORROWINGS

	2021 \$	2020 \$
Loans – Directors	-	31,470
Loans – Third Parties	-	8,938
	<u>-</u>	<u>40,408</u>

All loans made to the Company by related and third parties are unsecured, non interest bearing and are due and payable within 12 months. There were no related or third parties loans held at the balance date 30 June 2021.

11. CONTRIBUTED EQUITY

	2021 \$	2020 \$
Ordinary shares		
Issued and fully paid	<u>4,654,613</u>	<u>34,058</u>
	No.	\$
Movement in ordinary shares on issue		
At 30 June 2019 (pre-consolidation)	28,700,000	13,958
Issue of seed shares	3,000,000	20,100
Less transaction costs	-	-
At 30 June 2020 (pre-consolidation)	<u>31,700,000</u>	<u>34,058</u>
Issue of seed shares – 9 September 2020	13,000,000	390,000
Issue of seed shares – 1 February 2021	2,800,000	112,000
2.5 to 1 share consolidation	(28,500,000)	-
Issue of shares on IPO – date 16 April 2021	25,000,000	5,000,000
Less transaction costs	-	(881,445)
At 30 June 2021	<u>44,000,000</u>	<u>4,654,613</u>

ALBION RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

12. RESERVES

	2021 \$	2020 \$
(a) Share based payment reserve	338,119	-
(b) Movement in share based payments reserve	2021 No.	2021 \$
Balance at 1 July 2020	-	-
Options Issue (refer to note 13)	3,000,000	338,119
Balance as at 30 June 2021	3,000,000	338,119

13. SHARE BASED PAYMENTS

a) Options

3,000,000 options were issued to CPS Capital under the lead manager mandate agreement as part of their remuneration for completing the initial public offering. The options were issued on 28 April 2021 following successful admission to the ASX, and vested immediately.

Grant Date/entitlement	Number of Instruments	Grant Date	Expiry Date	Exercise Price	Fair value per instrument \$	Value \$
Lead Manager Options	3,000,000	28/04/2021	21/01/2024	\$0.25	0.11	338,119

Lead Manager options issued during the period were calculated using the Black-scholes option pricing model with the following inputs:

	Options granted Range
Expected volatility (%)	100%
Risk free interest rate (%)	0.08%
Weighted average expected life of options (years)	2.73
Expected dividends	Nil
Option exercise price (\$)	\$0.25
Share price at grant date (\$)	\$0.20
Fair value of option (\$)	\$0.11

14. DIRECTORS AND EXECUTIVE DISCLOSURES

Remuneration of Key Management Personnel

The totals of remuneration paid to the KMP of the Company during the year are as follows:

	2021 \$	2020 \$
Short-term employee benefits	33,334	-
Post employment benefits	3,166	-
Total remuneration	36,500	-

ALBION RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

15. RELATED PARTY TRANSACTIONS

Amounts Payable to Related Parties

Non-executive director Jonathon King was paid \$10,322 plus GST for technical consulting services that were outside the scope of his directorship responsibilities. Related party loans to the Company have been disclosed above in Note 10.

16. AUDITORS' REMUNERATION

	2021	2020
	\$	\$
Remuneration of the auditor for:		
- Auditing the financial statements	10,500	1,937
- Tax compliance services	1,937	-
	<u>12,437</u>	<u>1,937</u>

17. CASHFLOW INFORMATION

	2021	2020
	\$	\$
Reconciliation from the net loss after tax to the net cash flows from operations		
Net profit/(loss) for the year	(445,203)	(53,155)
<i>Changes in assets and liabilities:</i>		
Trade and other receivables	(42,217)	(1,723)
Other assets	(10,725)	-
Trade and other payables	107,083	5,406
Net cash from operating activities	<u>(391,062)</u>	<u>(49,472)</u>

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise receivables, payables and cash which arise directly from its operations.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Company through regular reviews of the risks.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

ALBION RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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Risk Exposures and Responses

Interest rate risk

The Company generates income from interest on surplus funds. At reporting date, the Company had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	2021	2020
	\$	\$
Financial Assets		
Cash and cash equivalents	4,544,380	622
Net exposure	4,544,380	622

Interest rate sensitivity analysis

The Company has no material interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company's potential concentration of credit risk consists mainly of cash deposits with banks. The Company's short term cash surpluses are placed with banks that have investment grade ratings. The maximum credit risk exposure relating to the financial assets is represented by the carrying value as at the reporting date. The Company considers the credit standing of counterparties when making deposits to manage the credit risk.

Liquidity risk

The responsibility with liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained. The Company's policy is to ensure that it has sufficient cash reserves to carry out its planned exploration activities over the next 12 months.

Fair values

Fair values of financial assets and liabilities are equivalent to carrying values due to their short terms to maturity.

19. COMMITMENTS

In order to maintain current rights of tenure to Western Australia exploration tenements, the Company is required to perform minimum exploration requirements specified by the Department of Mines and Industry Regulation of \$136,000.

20. EVENTS AFTER REPORTING DATE

On 13 August 2021, the Company announced a non-renounceable entitlement issue of options to eligible shareholders on the basis one (1) option ("Loyalty Option") for every two (2) ordinary shares held by eligible shareholders at 5pm (WST) on the Record Date of 18 August 2021 ("Record Date") at an issue price of A\$0.001 (0.1 cents) per Loyalty Option ("Entitlement Offer"). On 9 September 2021, a total of 22,000,000 options exercisable at \$0.25 on or before 29 September 2023 were issued raising \$22,000, before costs.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

ALBION RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

21. CONTINGENT LIABILITIES

The Company has no contingent liabilities as at 30 June 2021.

22. EARNINGS PER SHARE

	2021	2020
	\$	\$
Loss used to calculate basic EPS	(445,203)	(53,155)
	No.	No.
Weighted average number of ordinary shares outstanding during the period used in calculating basic and diluted EPS	22,434,192	11,515,068
	Cents	Cents
Basic and diluted EPS	(1.98)	(0.46)

ALBION RESOURCES LIMITED DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Albion Resources Limited, I state that:

1. In the opinion of the directors:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the year ended on that date.
 - (ii) complying with Australian Accounting Standards, International Financial Reporting Standards as issued by the International Accounting Standards Board and *Corporations Regulations 2001*.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Board of Directors:



Mr C Locke
Executive Chairman

Dated this 10th day of September 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALBION RESOURCES LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Albion Resources Limited ("the Company"), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Accounting for share based payments</p> <p>As disclosed in note 13 to the financial statements, during the year ended 30 June 2021 the Company incurred share based payments expense of \$338,119.</p> <p>Share based payments are considered to be a key audit matter due to</p> <ul style="list-style-type: none"> the value of the transactions; the complexities involved in the recognition and measurement of these instruments; and the judgement involved in determining the inputs used in the valuations. 	<p>Our procedures amongst others included:</p> <ul style="list-style-type: none"> Analysing agreements to identify the key terms and conditions of share based payments issued and relevant vesting conditions in accordance with AASB 2 Share Based Payments; Evaluating valuation models and assessing the assumptions and inputs used; Assessing the amount recognised during the year in accordance with the vesting conditions of the agreements; Assessing the adequacy of the disclosures included in Note 13 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2021 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
-

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.



HALL CHADWICK WA AUDIT PTY LTD



DOUG BELL CA
Partner

Dated at Perth this 10th day of September 2021

ALBION RESOURCES LIMITED

ASX INFORMATION

AS AT 19 AUGUST 2021

The following additional information is required by the ASX Limited in respect of listed public companies and was applicable at 19 August 2021.

1. Shareholder and Option holder information

a. Number of Shareholders and Option Holders

Shares

As at 19 August 2021, there were 521 shareholders holding a total of 44,000,000 fully paid ordinary shares.

Options

As at 19 August 2021, there were 3,000,000 Unquoted Options exercisable at \$0.25 on or before 21 January 2024 held by 2 holders.

b. Distribution of Equity Securities

Fully paid ordinary shares Category (size of holding)	Number (as at 19 August 2021)	
	Shareholders	Ordinary Shares
1 – 1,000	20	4,543
1,001 – 5,000	69	225,589
5,001 – 10,000	96	892,660
10,001 – 100,000	258	10,329,126
100,001 – and over	78	32,548,082
	521	44,000,000

The number of shareholdings held in less than marketable parcels is 54 shareholders amounting to 80,767 shares.

c. The names of substantial shareholders listed in the company's register as at 19 August 2021 are:

Shareholder	Ordinary Shares	%Held of Total Ordinary Shares
David Palumbo	3,700,000	8.41
Colin Locke	3,200,000	7.27

d. Voting Rights

The voting rights attached to the ordinary shares are as follows:

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

ALBION RESOURCES LIMITED
ASX INFORMATION

e. 20 Largest Shareholders as at 19 August 2021 — Ordinary Shares

		Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	MR DAVID LEE PALUMBO	3,700,000	8.41
2.	MR COLIN KENNETH LOCKE	3,200,000	7.27
3.	MS LAURA BAILEY	1,842,000	4.19
4.	MR BRIAN PETER BYASS	1,541,245	3.50
5.	COLLECTIVE PROSPERITY PTY LTD	1,500,000	3.41
6.	JAPL NOMINEES PTY LTD <JAPL INVESTMENT A/C>	1,300,000	2.95
7.	MR RICKIE DAVID GEORGE BARNES + MRS KAELAH SARAI BARNES	1,000,000	2.27
8.	CITYSIDE INVESTMENTS PTY LTD	1,000,000	2.27
9.	MR ANTHONY MICHAEL MALYNIAK <EJM A/C>	857,000	1.95
10.	HELMSDALE INVESTMENTS	850,000	1.93
11.	MR ANDRE SZARUKAN + MS ROSE BRANISKA <THE A & R SUPER FUND A/C>	834,543	1.90
12.	MR PETER FRANCIS SCANLAN	730,000	1.66
13.	HELMSDALE INVESTMENTS PTY LTD	510,000	1.16
14.	MR RITCHIE JAY CAMPBELL	500,000	1.14
15.	ARIEL KING	500,000	1.14
16.	MRS JUDITH SUZANNE PIGGIN + MR DAMIEN JAYE PIGGIN + MR GLENN ADAM PIGGIN <PIGGIN FAMILY S/F A/C>	500,000	1.14
17.	MS GEMMA ALDRIDGE	400,000	0.91
18.	MR ARIEL EDWARD KING	370,000	0.84
19.	MR HAOCHEN HU	335,724	0.76
20.	NEXUS SUPERANNUATION PTY LTD <RUSSO SUPER FUND A/C>	302,500	0.69
		21,773,012	49.49

ALBION RESOURCES LIMITED

ASX INFORMATION

2. The name of the company secretary is David Palumbo.
3. The address of the principal registered office in Australia is:
Level 11, 216 St Georges Terrace Perth WA 6000
4. Registers of securities are held at the following address:
Computershare Investor Services Pty Ltd, Level 11, 172 St Georges Terrace, Perth WA 6000
5. Stock Exchange Listing
Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the ASX Limited.
6. Use of Funds:
Between the date of listing on ASX and the date of this report the Company has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives and as set out in the pursuant to the Prospectus dated 18 March 2021.
7. Restricted Securities:
The Company currently has the following restricted securities:
 - 12,628,425 fully paid ordinary shares classified by ASX as restricted securities and to be held in escrow until 30 April 2023, being 24 months from the date of commencement of Official Quotation.
 - 2,827,917 fully paid ordinary shares classified by ASX as restricted securities and to be held in escrow until 11 September 2021, being 12 months from the date of issue.
 - 425,000 fully paid ordinary shares classified by ASX as restricted securities and to be held in escrow until 1 February 2022, being 12 months from the date of issue.
 - 3,000,000 options exercisable at \$0.25 on or before 21 January 2024, classified by ASX as restricted securities and to be held in escrow until 30 April 2023, being 24 months from the date of commencement of Official Quotation.

**ALBION RESOURCES LIMITED
TENEMENT SCHEDULE**

Project	Sub-Project	Tenement	Status	% Held
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%