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Albion Resources Limited
ACN: 620 545 664

Interim Financial Statements Report
for the Period Ended 31 December 2022

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**ALBION RESOURCES LIMITED
CORPORATE DIRECTORY**

Directors

Non-Executive Chairman
Mr Steven Formica

Non-Executive Director
Mr Julian Jarman

Non-Executive Director
Mr David Palumbo

Company Secretary
Mr David Palumbo

Registered and Principal Office

Level 8
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, WA 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

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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 period ended 31 December 2022.

Current Directors

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

Mr Steven Formica – Non-Executive Chairman (appointed 7 October 2022)
Mr Colin Locke - Executive Chairman (resigned 7 October 2022)
Mr David Palumbo – Non-Executive Director
Mr Mark Major – Non-Executive Director (resigned 7 October 2022)
Mr Julian Jarman – Non-Executive Director (appointed 7 October 2022)

Principal Activities

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

Operating Results for the Period

The operating result of the Company for the reporting period was a loss of \$444,801 (2021: \$1,631,922).

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 period.

Review of Operations

Mongers Lake Project

The Mongers Lake Project covers a portion of the Yalgoo-Singleton Greenstone Belt in the Murchison Province of Western Australia, located between Capricorn Metals' Mt Gibson Gold Project and Silver Lakes' Rothsay Gold Projects. The Mongers Lake Project has been subject to limited historical exploration despite the regional prospectivity.

During the half-year, the Company progressed its access agreement negotiations with various parties which led to the grant of E59/2576. Access agreement negotiations are continuing with respect to E59/2641. Whilst the Company is not aware of any reason why E59/2641 will not be granted in due course, investors are cautioned that there is a risk the exploration licence will not be granted.

Lennard Shelf Project

Albion's Lennard Shelf Project is located in the world class Mississippi Valley type Zinc-Lead province, the Lennard Shelf, approximately 30 km southeast of Fitzroy Crossing in the Kimberley, Western Australia. Despite hosting significant historic mines, Pillara (19.3Mt @ 7.8% Zn + 2.6% Pb) and the Cadjebut Trend (16.4Mt @ 8.9% Zn + 5% Pb), regional exploration in the Lennard Shelf Province has been largely overlooked since the late 1980's. The Lennard Shelf Project, comprising three sub-projects, covers an expansive area of ~319 km² and contains comparable geology to Pillara and the Cadjebut Trend.

Following the 2021 drill program, the Company identified two target areas for field investigation: 1) The western extension of the Uncle Billy Fault at Pillara East; and 2) the north striking faults in the vicinity of the Goongewa Zn-Pb mine at Prices Hill. During the half-year, the Company undertook a field visit to review these two target areas.

ALBION RESOURCES LIMITED DIRECTORS' REPORT

The findings at target area 1 noted that whilst the western extension of the Uncle Billy Fault was present, there was abundant granite and schist outcrop forming the foundation for the Pillara limestone above. The presence of the granitic basement downgrades the area for significant mineralisation potential, as any limestone present near the Uncle Billy Fault would likely be very thin.

The findings at target area 2 noted that fault complexity was present, with many of the transfer zone faults containing breccias, fracture networks, and often abundant ferruginous material, highlighting that faults where Pillara Formation limestone is in the hanging wall and Emanuel Formation is in the footwall are potentially valid drill targets.

Leinster Project

The Leinster Project, located 30km southeast of Leinster, covers an area of 42km² and is prospective for nickel-copper being located along strike from Auroch Minerals the Horn and related Ni-Cu prospects and adjacent to BHP's Nickel West Weebo Ni deposit.

No work was undertaken on the Leinster Project during the half year.

Corporate

On 7 October 2022, Steven Formica and Julian Jarman were appointed to the Board as Non-Executive Chairman and Non-Executive Director respectively, with Colin Locke and Mark Major resigning.

On 31 October 2022, the Company announced that it had received firm commitments to raise \$462,000 (before costs) via a placement (Placement) of 6,600,000 fully paid ordinary shares at \$0.07 per share (Placement Shares). The Placement included 3,000,000 Placement Shares, comprising of 1,000,000 and 2,000,000 Placement Shares to be issued to Directors Mr Steven Formica and Mr Julian Jarman (or their nominees) respectively, following approved at the Company's 2022 Annual General Meeting.

On 31 October 2022, the Company also announced the launch of a partially underwritten 1 for 3 non-renounceable entitlement offer to raise approximately A\$1.03 million (before costs) via the issue of ~14.7 million new shares (New Shares) at \$0.07 per share, the same price as the Placement (Entitlement Offer). The Entitlement Offer was successfully completed on 1 December 2022, with underwriter Stevsand Holdings Pty Ltd as trustee for the Formica Horticultural trust, an entity controlled by Director Mr Steven Formica, subscribing for 3,080,308 fully paid ordinary shares.

Competent Persons Statement

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.

**ALBION RESOURCES LIMITED
DIRECTORS' REPORT**

Subsequent Events

There were no matters or circumstances that have arisen since the end of the financial period 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 periods.

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 Steven Formica
Non-Executive Chairman**

Dated this 13th day of March 2023

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To the Board of Directors

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

As lead audit director for the review of the financial statements of Albion Resources Limited for the half year ended 31 December 2022, 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 review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully,



HALL CHADWICK WA AUDIT PTY LTD



D M BELL CA
Director

Dated the 13th day of March 2023
Perth, Western Australia

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ALBION RESOURCES LIMITED
INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2022

	Note	31 December 2022 \$	31 December 2021 \$
Revenue	4(a)	31,890	-
Exploration, evaluation and tenement acquisition expense	4(b)	(107,732)	(1,331,711)
Corporate compliance expense		(83,327)	(96,018)
Administration expense		(78,665)	(38,644)
Employee benefits expense		(119,323)	(114,263)
Share based payments expense	10	<u>(87,644)</u>	<u>(51,286)</u>
Profit/(loss) before income tax		(444,801)	(1,631,922)
Income tax expense		<u>-</u>	<u>-</u>
Net profit/(loss) for the period		(444,801)	(1,631,922)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income/(loss) for the period		<u>(444,801)</u>	<u>(1,631,922)</u>
Basic and diluted loss per shares (cents per share)		(0.93)	(3.71)

The accompanying notes form part of these financial statements

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ALBION RESOURCES LIMITED
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	31 December 2022 \$	30 June 2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	3,518,377	2,505,826
Trade and other receivables		18,558	32,608
Other Assets		33,438	22,626
TOTAL CURRENT ASSETS		3,570,373	2,561,060
NON CURRENT ASSETS			
Right of Use Asset		116,642	143,560
TOTAL NON CURRENT ASSETS		116,642	143,560
TOTAL ASSETS		3,687,015	2,704,620
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		59,455	93,637
Provisions		-	4,872
Lease Liability		52,793	50,100
TOTAL CURRENT LIABILITIES		112,248	148,609
NON CURRENT LIABILITIES			
Lease Liability		68,606	95,578
TOTAL NON CURRENT LIABILITIES		68,606	95,578
TOTAL LIABILITIES		180,854	244,187
NET ASSETS		3,506,161	2,460,433
EQUITY			
Issued capital	6	6,014,193	4,611,308
Reserves	7	604,085	516,441
Accumulated losses		(3,112,117)	(2,667,316)
TOTAL EQUITY		3,506,161	2,460,433

The accompanying notes form part of these financial statements

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ALBION RESOURCES LIMITED
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2022

	Note	31 December 2022 \$	31 December 2021 \$
Cash flows from operating activities			
Payments to suppliers and employees		(281,394)	(247,424)
Payments for exploration and evaluation		(108,940)	(1,191,790)
Net cash flows from/(used in) operating activities		<u>(390,334)</u>	<u>(1,439,214)</u>
Cash flows from financing activities			
Proceeds from issue of equity in the Company (net of costs)		1,402,885	(36,484)
Net cash flows from financing activities		<u>1,402,885</u>	<u>(36,484)</u>
Net (decrease)/ increase in cash and cash equivalents		1,012,551	(1,475,698)
Cash and cash equivalents at the beginning of the period		2,505,826	4,544,380
Cash and cash equivalents at the end of the period	5	<u>3,518,377</u>	<u>3,068,682</u>

The accompanying notes form part of these financial statements

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ALBION RESOURCES LIMITED
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2022

	Issued Capital \$	Accumulated Losses \$	Options Reserve \$	Total \$
Balance at 1 July 2021	4,654,613	(529,788)	338,119	4,462,944
Loss for the period	-	(1,631,922)	-	(1,631,922)
Other comprehensive income	-	-	-	-
	-	(1,631,922)	-	(1,631,922)
Transactions with equity holders in their capacity as owners				
Issue of equity (net of costs)	(41,930)	-	22,000	(19,930)
Share based payments	-	-	51,286	51,286
Total transactions with equity holders in their capacity as owners	(41,930)	-	73,286	31,356
Balance at 31 December 2021	4,612,683	(2,161,710)	411,405	2,862,378
Balance at 1 July 2022	4,611,308	(2,667,316)	516,441	2,460,433
Loss for the period	-	(444,801)	-	(444,801)
Other comprehensive income	-	-	-	-
	-	(444,801)	-	(444,801)
Transactions with equity holders in their capacity as owners				
Issue of equity (net of costs)	1,402,885	-	-	1,402,885
Share based payments	-	-	87,644	87,644
Total transactions with equity holders in their capacity as owners	1,402,885	-	87,644	1,490,529
Balance at 31 December 2022	6,014,193	(3,112,117)	604,085	3,506,161

The accompanying notes form part of these financial statements

ALBION RESOURCES LIMITED
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

1. CORPORATE INFORMATION

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

This financial report of Albion Resources Limited ("Company") was authorised for issue in accordance with a resolution of the directors on 13 March 2023.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF PREPARATION

This interim financial report is intended to provide users with an update on the latest annual financial statements of Albion Resources Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in combination with the annual financial statements of the Company for the year ended 30 June 2022, together with any public announcements made during the half-year.

The financial statements were authorised for issue by the Board of Directors on 13 March 2023.

b) Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual report and shall be read in conjunction with the most recent annual financial report.

c) Basis of Measurement

The financial statements have been prepared on a going concern basis in accordance with the historical cost convention, unless otherwise stated.

d) Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual financial statements for the year ended 30 June 2022.

e) Accounting policies

The Company has consistently applied the following accounting policies to all periods presented in the financial statements.

f) New and Amended Standards Adopted by the Group

Accounting Standards that are mandatorily effective for the current reporting period in the half-year ended 31 December 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2022. As a result of this review, 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 the Group's accounting policies.

ALBION RESOURCES LIMITED
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

3. SEGMENT REPORTING

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
- 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 the half-year ended 31 December 2022, the Company had no development assets. The Board considers that it has only operated in one segment, being mineral exploration.

4. REVENUES AND EXPENSES

	31 December 2022	31 December 2021
	\$	\$
(a) Revenue		
Other revenue	31,890	-
	31,890	-
(b) Exploration, evaluation and tenement acquisition expense		
Executive director's fees	-	-
General exploration and evaluation	107,732	1,331,711
	107,732	1,331,711

5. CASH AND CASH EQUIVALENTS

	31 December 2022	30 June 2022
	\$	\$
Cash at bank and in hand	3,518,377	2,505,826
	3,518,377	2,505,826

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

ALBION RESOURCES LIMITED
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

6. CONTRIBUTED EQUITY

	31 December 2022	30 June 2022
	\$	\$
Ordinary shares		
Issued and fully paid	6,014,193	4,611,308
	No.	\$
Movement in ordinary shares on issue:		
Balance at 1 July 2022	44,000,000	4,611,308
Issue of shares – 7 November 2022 (i)	3,600,000	252,000
Issue of shares – 1 December 2022 (ii)	17,666,667	1,236,667
Transaction costs	-	(85,782)
At 31 December 2022	65,266,667	6,014,193

- (i) On 7 November 2022, the Company completed a placement to directors issuing 3,600,000 fully-paid ordinary shares at \$0.07 to raise \$252,000.
- (ii) On 1 December 2022, the Company issued 17,666,667 fully-paid ordinary shares at \$0.07 to raise \$1,236,667.

7. RESERVES

	31 December 2022	30 June 2022
	\$	\$
Share based payment reserve (a)	582,085	494,441
Options reserve (b)	22,000	22,000
	604,085	516,441
(a) Share based payments reserve	No.	\$
Balance at 1 July 2022	9,500,000	494,441
Vesting of employee and advisory options (Refer to Note 10)	-	87,644
Balance as at 31 December 2022	9,500,000	582,085

(b) Options Reserve

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.

8. DIVIDENDS

There have been no dividends declared or recommended and no distributions made to shareholders or other persons during the period.

ALBION RESOURCES LIMITED
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

9. EVENTS SUBSEQUENT TO REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial period 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 periods.

10. SHARE BASED PAYMENTS

The following shares based payments occurred during the half-year ended 31 December 2022:

- (i) 500,000 options were issued to employees under the Company's Employee Securities Incentive Plan on 17 September 2021. The options are exercisable at \$0.25 on or before 21 January 2024 and vest after a 12 month service period. The options have vested in full at 31 December 2022, with a pro-rata share based payment expense of \$14,093 being recognised for the half-year ended 31 December 2022.
- (ii) 6,000,000 options were issued to Alignment Capital as consideration for their two year appointment as corporate advisors to the Company on 11 October 2021. The options are exercisable at \$0.25 on or before 29 September 2023 and are subject to 12 month voluntary escrow. A pro-rata share based payment expense of \$73,551 has been recognised for the half-year ended 31 December 2022.

Grant Date/entitlement	Number of Instruments	Grant Date	Expiry Date	Exercise Price	Fair value per instrument \$	Value \$
Employee Options	500,000	17/09/2021	21/01/2024	\$0.25	0.13	65,112
Corporate Advisory Options	6,000,000	11/10/2021	29/09/2023	\$0.25	0.049	294,000

11. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

12. COMMITMENTS

There has been no material change in commitments since the last annual reporting date.

**ALBION RESOURCES LIMITED
DIRECTORS' DECLARATION**

The Directors of the Company declare that:

- a) The financial statements and notes of Company Limited for the half-year ended 31 December 2022 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - ii. giving a true and fair view of the Company's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- b) In the Directors' option there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors.



Mr Steven Formica
Non-Executive Chairman

Dated this 13th day of March 2023

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

Conclusion

We have reviewed the accompanying half-year financial report of Albion Resources Limited ("the Company") which comprises the condensed statement of financial position as at 31 December 2022, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Albion Resources Limited does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Company's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



HALL CHADWICK WA AUDIT PTY LTD



D M BELL CA
Director

Dated the 13th day of March 2023
Perth, Western Australia

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