



Albion Resources Limited
ACN: 620 545 664

Interim Financial Statements Report
for the Period Ended 31 December 2020

ALBION RESOURCES LIMITED
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**ALBION RESOURCES LIMITED
CORPORATE DIRECTORY**

Directors

Non-Executive Chairman

Mr Colin Locke

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

Bentleys WA Pty Ltd
Level 3, London House
216 St Georges Terrace, Perth
Perth Western Australia 6000

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 2020.

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 Colin Locke - Non-Executive Chairman (appointed 19 July 2017)
Mr Jonathan King – Executive Director (appointed 19 July 2017)
Mr David Palumbo – Non Executive Director (appointed 19 July 2017)

Mr Colin Locke Non-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 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 and Kaiser Reef 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	8,000,000	-
J.King	3,750,000	-
D.Palumbo	9,250,000	-

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.

ALBION RESOURCES LIMITED DIRECTORS' REPORT

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 \$104,553 (2019: \$37,598 unaudited).

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

The Company received confirmation of granted tenure over E04/2637 and E04/2672 during the half period ended 31 December 2020. As at 31 December 2020, Albion holds five granted tenements and one tenement application covering a total area of 393km² in the Lennard Shelf, a province highly prospective for Mississippi Valley Type (MVT) Zinc-Lead.

Following a capital raise of \$390,000 in September 2020, the Company undertook the following work programs across its Lennard Shelf Projects:

An aeromagnetic survey (magnetics and radiometrics) comprising almost 3,000 line kilometres;
Continued review of publicly available reports and compilation of exploration data. This has led to several priority target areas being generated, including:

- The discovery of a very exciting drill intercept at Pillara East with the salivating result of 4.6m @ 5%Zn and 30.5%Pb from 53m (inc. 1.6m @ 7.2%Zn and 49.4%Pb) which warrants immediate follow up;
- A 7km strike of elevated Zn (+/-Pb) in stream sediments along the Home Range fault with no follow up rock chip samples or drilling;
- Unearthing of several prominent ENE structures from the aeromagnetic survey and aerial photography which are considered favourable orientations for Zinc-Lead mineralisation;
- Multiple historical IP targets that remain untested by drilling.

Through the work programs, the Company has identified an exploration model (structurally controlled Zn-Pb) that appears insufficiently tested across its Lennard Shelf Projects, with the historical exploration by BHP in the 1980's largely focussed on a stratigraphic model.

The Company also applied for a new tenement (E36/1005) comprising the Leinster Project during the half year ended 31 December 2020. The Leinster Project Covers 42km² of prospective geology adjoining the Horn Prospect held by Auroch Minerals (ASX: AOU) near Leinster, intersected by the Perseverance Fault with a coincident magnetic feature.

Planning commenced for an initial public offering on the ASX in late Q1/early Q2 2021, with the proposed \$5m raise to fund exploration across the exciting targets at the Company's Lennard Shelf and Leinster Projects.

Significant Events after Reporting date

On 1 February 2021, the Company issued 2,800,000 ordinary shares at \$0.04 per share, raising \$112,000 before costs.

Planning commenced for an initial public offering on the ASX in late Q1/early Q2 2021, with the proposed \$5m raise to fund exploration across the exciting targets at the Company's Lennard Shelf and Leinster Projects.

No other 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 years.

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 period are as follows:

Director	No. eligible to attend	No. attended
C. Locke	1	1
D. Palumbo	1	1
J. King	1	1

Indemnification of Officers

The Company currently has no insurance cover indemnifying officers against any liability arising out of their conduct whilst acting for the Company.

Indemnity and Insurance of Auditor

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

During the financial period, 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 no ordinary shares under option.

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 period.

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 periods, has not been included in this report as disclosure of this information would be likely to result in unreasonable prejudice to the Company.

Non-Audit Services

During this financial period, no fees were paid to Bentleys for non-audit services.

The Board of Directors is satisfied that the provision of non-audit services during the period 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, Bentleys 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.

**ALBION RESOURCES LIMITED
DIRECTORS' REPORT**

Signed in accordance with a resolution of the directors:



Mr Colin Locke
Non-Executive Chairman

Dated this 9th day of February 2021

**Bentleys Audit & Corporate
(WA) Pty Ltd**

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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 period ended 31 December 2020, 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,



BENTLEYS
Chartered Accountants



CHRIS NICOLOFF CA
Partner

Dated at Perth this 9th day of February 2021

ALBION RESOURCES LIMITED
INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Note	31 December 2020 (audited) \$	31 December 2019 (unaudited) \$
Revenue	4(a)	-	-
Exploration, evaluation and tenement acquisition expense	4(b)	(100,281)	(32,361)
Interest expenses		-	(61)
Corporate compliance expense		(3,287)	(3,177)
Administration expense		(986)	(62)
Profit/(loss) before income tax		(104,553)	(35,661)
Income tax expense	5	-	-
Net profit/(loss) for the period		(104,553)	(35,661)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the period		(104,553)	(35,661)

The accompanying notes form part of these financial statements

ALBION RESOURCES LIMITED
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	31 December 2020 \$	30 June 2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	240,048	622
Trade and other receivables	7	<u>11,198</u>	<u>2,027</u>
TOTAL CURRENT ASSETS		<u>251,246</u>	<u>2,649</u>
TOTAL ASSETS		<u>251,246</u>	<u>2,649</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	36,927	12,768
Borrowings	9	<u>146</u>	<u>40,408</u>
TOTAL CURRENT LIABILITIES		<u>37,073</u>	<u>53,176</u>
TOTAL LIABILITIES		<u>37,073</u>	<u>53,177</u>
NET ASSETS / (DEFICIT)		<u>214,173</u>	<u>(50,527)</u>
EQUITY			
Issued capital	10	403,311	34,058
Reserves		-	-
Accumulated losses		<u>(189,138)</u>	<u>(84,585)</u>
TOTAL EQUITY		<u>214,173</u>	<u>(50,527)</u>

The accompanying notes form part of these financial statements

ALBION RESOURCES LIMITED
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2020

	Note	31 December 2020 (audited) \$	31 December 2019 (unaudited) \$
Cash flows from operating activities			
Payments to suppliers and employees		(89,565)	(36,139)
Net cash flows from/(used in) operating activities		<u>(89,565)</u>	<u>(36,139)</u>
Cash flows from financing activities			
Proceeds from borrowings		-	39,687
Repayment of borrowings		(40,262)	-
Proceeds from issue of shares in the Company (net of costs)		369,253	-
Net cash flows from financing activities		<u>328,991</u>	<u>39,687</u>
Net (decrease)/ increase in cash and cash equivalents		239,426	3,548
Cash and cash equivalents at the beginning of the period		622	106
Cash and cash equivalents at the end of the period	6	<u>240,048</u>	<u>3,654</u>

The accompanying notes form part of these financial statements

ALBION RESOURCES LIMITED
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2020

	Issued Capital	Accumulated Losses	Options Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2019	13,958	(31,430)	-	(17,472)
Profit for the period	-	(35,661)	-	(35,661)
Other comprehensive income	-	-	-	-
	-	(35,661)	-	(35,661)
Transactions with equity holders in their capacity as owners				
Issue of shares (net of costs)	-	-	-	-
Total transactions with equity holders in their capacity as owners	-	-	-	-
Balance at 31 December 2019 (unaudited)	13,958	(67,091)	-	(53,133)
Balance at 1 July 2020	34,058	(84,585)	-	(50,527)
Loss for the period	-	(104,553)	-	(104,553)
Other comprehensive income	-	-	-	-
	-	(104,553)	-	(104,553)
Transactions with equity holders in their capacity as owners				
Issue of shares (net of costs)	369,253	-	-	369,253
Total transactions with equity holders in their capacity as owners	369,253	-	-	369,253
Balance at 31 December 2020 (audited)	403,311	(189,138)	-	214,173

ALBION RESOURCES LIMITED
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

1. CORPORATE INFORMATION

This financial report of Albion Resources Limited ("Company") was authorised for issue in accordance with a resolution of the directors on 9 February 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) Going Concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company incurred a loss for the period of \$104,553 and net cash inflows of \$239,426.

As at 31 December 2020, the Company has a working capital surplus of \$214,173.

The ability of the Company to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital from equity markets and managing cashflow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern. In the event the above matters are not achieved, the Company will be required to raise funds for working capital from debt or equity sources.

The directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

On 1 February 2021, the Company issued 2,800,000 ordinary shares at \$0.04 per share, raising \$112,000 before costs.

Planning commenced for an initial public offering on the ASX in late Q1/early Q2 2021, with the proposed \$5m raise to fund exploration across the exciting targets at the Company's Lennard Shelf and Leinster Projects.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Company's history of raising capital to date, the directors are confident of the Company's ability to raise additional funds as and when they are required.

ALBION RESOURCES LIMITED
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

(c) New and Amended Accounting Policies Adopted by the Company

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Company:

AASB 16 Leases

The Company has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in

financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The adoption of AASB 16 did not have any significant impact on the financial performance or position of the Company.

(d) 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".

ALBION RESOURCES LIMITED
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

(e) 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.

(f) 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.

(g) 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.

(h) 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 Companyed based on days overdue.

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

(i) 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.

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.

(j) 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.

ALBION RESOURCES LIMITED
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

(k) 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.

(l) 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.

(m) 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 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.

ALBION RESOURCES LIMITED
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

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.

(n) 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 INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

(o) 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.

(p) 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.

(q) 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 period 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
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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 period, 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 2020 (audited) \$	31 December 2019 (unaudited) \$
(a) Revenue		
Other revenue	-	-
	-	-
(b) Exploration, evaluation and tenement acquisition expense		
Executive director's fees	-	-
General exploration and evaluation	100,281	32,361
	100,281	32,361

5. INCOME TAX

Major components of income tax expense are:

	31 December 2020 (audited) \$	31 December 2019 (unaudited) \$
Income tax expense reported in the statement of profit or loss and other comprehensive income	-	-

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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:

	31 December 2020 (audited) \$	31 December 2019 (unaudited) \$
Net profit/(loss) before income tax expense	(104,553)	(35,661)
Prima facie tax calculated at 27.5% (2019: 30%)	(28,752)	(10,698)
Non-deductible expenses	28,752	10,698
Tax losses carried forward	-	-
Income tax expense	-	-
Unrecognised tax losses		
Revenue losses	-	-
Deferred tax (liability)/asset	-	-

Availability of Tax Losses

The availability of the tax losses for future periods 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 31 December 2020 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

	31 December 2020 \$	30 June 2020 \$
Cash at bank and in hand	240,048	622

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
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7. TRADE AND OTHER RECEIVABLES

	31 December 2020 \$	30 June 2020 \$
GST receivable	11,198	2,027
	<u>11,198</u>	<u>2,027</u>

8. TRADE AND OTHER PAYABLES

	31 December 2020 \$	30 June 2020 \$
Trade and other payables	36,927	12,768
	<u>36,927</u>	<u>12,768</u>

9. BORROWINGS

	31 December 2020 \$	30 June 2020 \$
Loans – Directors	146	31,470
Loans – Third Parties	-	8,938
	<u>146</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.

10. CONTRIBUTED EQUITY

	31 December 2020 \$	30 June 2020 \$
Ordinary shares		
Issued and fully paid	<u>403,311</u>	<u>34,058</u>
	<i>No.</i>	<i>\$</i>
Movement in ordinary shares on issue		
At 30 June 2019	28,700,000	13,958
Issue of seed shares	3,000,000	20,100
At 30 June 2020	<u>31,700,000</u>	<u>34,058</u>
Issue of seed shares	13,000,000	390,000
Less transaction costs	-	(20,747)
At 31 December 2020	<u>44,700,000</u>	<u>403,311</u>

ALBION RESOURCES LIMITED
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FOR THE PERIOD ENDED 31 DECEMBER 2020

Share Options

At 31 December 2020, Albion Resources Limited had no Options on issue.

11. DIRECTORS AND EXECUTIVE DISCLOSURES

(a) Remuneration of Key Management Personnel

No remuneration was paid to key management personnel during the 31 December 2020 reporting period.

12. SHARE BASED PAYMENTS

No share based payments were made during the 31 December 2020 reporting period.

13. RELATED PARTY DISCLOSURES

Amounts Payable to Related Parties

Related party loans to the Company have been disclosed above in Note 9.

14. AUDITORS' REMUNERATION

	31 December 2020 (audited) \$	31 December 2019 (unaudited) \$
Remuneration of the auditor for:		
- Auditing the financial statements	1,937	-
- Tax compliance services	-	-
	<u>1,937</u>	<u>-</u>

15. 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.

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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:

	31 December 2020 \$	30 June 2020 \$
Financial Assets		
Cash and cash equivalents	240,048	622
Net exposure	<u>240,048</u>	<u>622</u>

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.

16. COMMITMENTS

The company had no commitments at 31 December 2020.

17. EVENTS AFTER REPORTING DATE

On 1 February 2021, the Company issued 2,800,000 ordinary shares at \$0.04 per share, raising \$112,000 before costs.

Planning commenced for an initial public offering on the ASX in late Q1/early Q2 2021, with the proposed \$5m raise to fund exploration across the exciting targets at the Company's Lennard Shelf and Leinster Projects.

18. CONTINGENT LIABILITIES

The Company has no contingent liabilities as at 31 December 2020.

**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 31 December 2020 and of its performance for the period 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
Non Executive Chairman

Dated this 9th day of February 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 31 December 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period 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 31 December 2020 and of its financial performance for the period 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 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) in the financial report which indicates that the company incurred a net loss of \$104,553 during the period ended 31 December 2020. This condition, along with other matters as set forth in Note 2(b), indicate the existence of a material uncertainty which may cast significant doubt about the ability of the company to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

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 period ended 31 December 2020, 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 1, 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 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.

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.



BENTLEYS
Chartered Accountants



CHRIS NICOLOFF CA
Partner

Dated at Perth this 9th day of February 2021