Unaudited Interim Financial Statements of

ALBION PETROLEUM LTD.

As of and for the six months ended June 30, 2013 and 2012
(in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed financial statements of the company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

The accompanying unaudited condensed interim financial statements of Albion Petroleum Ltd for the six months ended June 30, 2013 have been prepared my management and approved by the audit committee.

July 30, 2013

ALBION PETROLEUM LTD.
Statements of Financial Position

		June 30, 2013		December 31, 2012
Assets				
Current assets:				
Cash and cash equivalents	$	351,508	$	381,874
Accounts receivable		1,455		5,296
Total Assets	$	352,963	$	387,170
Liabilities and Shareholders' Equity (Deficiency)				
Current liabilities:				
Accounts payable and accrued liabilities	$	19,685	$	18,304
Shareholders' equity:				
Share capital (note 6)		877,375		877,375
Contributed surplus (note 6)		246,236		246,236
Deficit		(790,333)		(754,745)
Total shareholders' equity (deficiency)		333,278		368,866
Total liabilities and shareholders' equity (deficiency)	$	352,963	$	387,170

Going concern (note 1)
The accompanying notes are an integral part of these financial statements

Approved by the Board on July 30, 2013

Signed: *"Benjamin Hill"*
Benjamin Hill

Signed: *"David A. Shaw"*
David A. Shaw

ALBION PETROLEUM LTD.
Statements of Operations
For the three and six month periods ended June 30, 2013 and 2012

	Three Months ended June 30,		Six Months ended June 30,	
	2013	2012	2013	2012
Expenses:				
Legal	$ 6,635	$ 8,367	$ 7,345	$ 25,620
Accounting, audit and tax	2,730	-	2,730	(140)
Meals and entertainment	945	1,351	1,786	1,485
Listing and transfer agent	6,780	6,993	10,605	10,725
News releases	133	390	133	634
Administrative and office expenses	4,951	6,999	9,893	11,926
Travel expenses	3,749	17,428	3,096	21,000
General and administrative	$ 25,923	$ 41,528	$ 35,588	$ 71,250
Comprehensive loss	$ (25,923)	$ (41,528)	$ (35,588)	$ (71,250)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of shares outstanding (basic and diluted)	10,768,500	10,506,907	10,768,500	8,257,203

The accompanying notes are an integral part of these financial statements

ALBION PETROLEUM LTD.
Statements of Changes in Equity
For the six month periods ended June 30, 2013 and 2012

	Share Capital		Contributed		
	Number	Amount	Surplus	Deficit	Total
Balance, December 31, 2011	6,007,500	$ 388,538	$ 148,544	$ (558,655)	$ (21,573)
Shares issued for private placement	4,761,000	499,905			499,905
Comprehensive loss	-	-	-	(71,250)	(71,250)
Balance, June 30, 2012	10,768,500	$ 888,443	$ 148,544	$ (629,905)	$ 407,082
Balance, December 31, 2012	10,768,500	$ 877,375	$ 246,236	$ (754,745)	$ 368,866
Comprehensive loss				(35,588)	(35,588)
Balance, June 30, 2013	10,768,500	$ 877,375	$ 246,236	$ (790,333)	$ 333,278

The accompanying notes are an integral part of these financial statements

ALBION PETROLEUM LTD.
Statements of Cash Flows
For the six month periods ended June 30, 2013 and 2012

June 30,	2013	2012
Cash provided by (used in) operating activities:		
Comprehensive loss for the period	$ (35,588)	$ (71,250)
Change in non-cash working capital	5,222	(17,209)
Cash flows used in operating activities	(30,366)	(88,459)
Financing activities:		
Shares issued for private placement	-	499,905
Cash flows from financing activities	-	499,905
Increase (decrease) in cash and cash equivalents	(30,366)	411,446
Cash and cash equivalents, beginning of year	381,874	3,138
Cash and cash equivalents, end of year	$ 351,508	$ 414,584

The accompanying notes are an integral part of these financial statements

1. Summary of business and going concern

Summary of business

Albion Petroleum Ltd. (the "Company" or "Albion") is incorporated under the Alberta Business Corporations Act, and is currently classified as a Capital Pool Company ("CPC") as defined by the TSX Venture Exchange (the "Exchange" or "TSXV"). The Company is in the development stage and has not commenced commercial operations as at June 30, 2013. The principal business of the Company consists of the identification and evaluation of potential acquisitions of assets or businesses involved in the oil and gas industry or mineral industry. There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange. Where an acquisition or participation is warranted (the "Qualifying Transaction"), additional funding will be required.

Going concern

The ability of the Company to fund a potential acquisition and future operations is dependent upon the ability of the Company to obtain additional financing. Based on current levels of expenditure, the Company anticipates it has sufficient funds to complete a Qualifying Transaction, but will require additional funds to undertake any resulting operational or exploratory activities. The Company's ability to continue as a going concern is dependent primarily upon its ability to obtain necessary financing from the issuance of shares, borrowing or from other sources. Management of the Company believes that these conditions will be met.

These financial statements do not include any adjustments related to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Basis of presentation

The accompanying consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

(a) Basis of Measurement

These financial statements have been prepared on the historical cost basis except for certain financial instruments, if any, which are measured at fair value, as explained in the accounting policies set out in Note 3.

(b) Functional Currency and Presentation Currency

These financial statements are presented in Canadian dollars, which is the company's functional currency.

(c) Use of Estimates and Judgment

The preparation of the financial statements in accordance with IFRS required management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

3. Summary of significant accounting policies:

The significant accounting policies followed by the Company summarized as follows:

(a) Share-based compensation plan:

The Company accounts for all share-based compensation arrangements using the fair value method, under which compensation expense is recorded based on the estimated fair value of the options as determined at the date of grant, and expensed over the vesting period with a corresponding increase to contributed surplus. Upon the exercise of the stock options, consideration received together with the amount previously recognized in contributed surplus is recorded as an increase in share capital. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

(b) Per share amounts:

Basic per share information is calculated on the basis of the weighted average number of common shares outstanding during the year. Diluted per share amounts are calculated using the treasury stock method. Diluted calculations reflect the weighted average incremental common shares that would be issued upon exercise of dilutive options assuming proceeds would be used to repurchase shares at average market prices for the year. Anti-dilutive options are not included in the calculation.

(c) Income taxes:

The Company follows the asset and liability method to account for income taxes. Under the asset and liability method, deferred income tax assets and liabilities are determined based on “temporary differences” (differences between the accounting basis and the tax basis of the underlying assets and liabilities), and are measured using substantially enacted tax rates and laws expected to apply when these differences reverse. A valuation allowance is recorded

(d) Financial instruments

All financial instruments are initially recognized at fair value on the statement of financial position, net of any transaction costs (except for financial instruments classified as fair value through profit and loss, where transaction costs are expensed as incurred). Subsequent measurement of financial instruments is based on their classification:

Fair Value through Profit and Loss

Financial assets and liabilities that are held for trading or that are designated as fair value through profit and loss upon initial recognition. Changes in their fair value are recognized in earnings.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date, and are carried at amortized cost, using the effective interest method, less any impairment. Loans and receivables are comprised of accounts receivable.

Held-to-Maturity

Financial assets classified as held to maturity are measured at amortized cost.

3. Summary of significant accounting policies: (continued)

(d) Financial instruments

Other Financial Liabilities

Financial liabilities not classified as fair value through profit and loss are measured at amortized cost using the effective interest method.

Available for Sale

All other non-derivative financial assets are classified as available for sale, with changes in fair value recognized in other comprehensive income.

The Company classifies its cash and cash equivalents as fair value through profit and loss, accounts receivable as loans and receivables, and its accounts payable and accrued liabilities as other financial liabilities.

The Company does not use derivative instruments for trading or speculative purposes. Derivative contracts, if entered into, will be classified as fair value through profit and loss and recorded on the statement of financial position at fair value, with changes in the fair value recognized in net income, unless specific hedge criteria are met. The fair values of these derivative instruments will be based on an estimate of the amounts that would have been received or paid to settle these instruments prior to maturity given future market prices and other relevant factors. Proceeds and costs realized from holding the derivative contracts will be recognized in net income at the time each transaction under a contract is settled.

The Company measures and recognizes embedded derivatives separately from the host contracts when the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract, when it meets the definition of a derivative and when the entire contract is not measured at fair value. Embedded derivatives are recorded at fair value.

The Company immediately expenses all transaction costs incurred in relation to the acquisition of a financial asset or liability.

The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy. Fair value of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash held with banks and other highly liquid investments with maturities of three months or less at date of acquisition.

(f) Share capital:

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

4. Significant accounting estimates and judgments:

Deferred Income taxes

Deferred tax assets are recognized when it is considered probable that deductible temporary differences will be recovered in the foreseeable future. To the extent that future taxable income and the application of existing tax laws in each jurisdiction differ significantly from the company's estimate, the ability of the company to realize the deferred tax assets could be impacted.

Deferred tax liabilities are recognized when there are taxable temporary differences that will reverse and result in a future outflow of funds to a taxation authority. The company records a provision for the amount that is expected to be settled, which requires the application of judgment as to the ultimate outcome. Deferred tax liabilities could be impacted by changes in the company's estimate of the likelihood of a future outflow, the expected settlement amount, and the tax laws in the jurisdictions in which the company operates.

To date the company's only deferred tax asset is from net operating losses which a valuation allowance has been taken against it as management has determined that it is not probable the deductible temporary differences will be recovered in the foreseeable future.

5. Recently announced accounting pronouncements:

The following new accounting standards and interpretations have been published and are effective for annual periods beginning on or after January 1, 2013 (or as noted) with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

Amendments to IAS 1 Presentation of Financial Statements retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section, such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The following is a brief summary of the new standards:

IFRS 7 – 'Financial Instruments Disclosures' – Disclosures on Transfers of Financial Assets

These amendments are applicable to annual reporting periods beginning on or after July 1, 2011. These amendments add and amend disclosure requirements about transfers of financial assets, including the nature of the financial assets involved and the risks associated with them.

IAS 12 – 'Income Taxes' – Amendments Regarding Deferred Tax: Recovery of Underlying Assets

These amendments are applicable to annual reporting periods beginning on or after January 1, 2012 and a practical approach for the measurement of deferred tax relating to investment properties measured at fair value, property, plant and equipment and intangible assets measured using the revaluation model. The measurement of deferred tax for these specified assets is based on the presumption that the carrying amount of the underlying asset will be recovered entirely through sale, unless the entity has clear evidence that economic benefits of the underlying asset will be consumed during its economic life.

5. Recently announced accounting pronouncements: (continued)

IFRS 9 – Financial Instruments

IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income.

IFRS 10 – Consolidation

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 - Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, and special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

In IFRIC 20, the IFRS Interpretations Committee sets out principles for the recognition of production stripping costs in the balance sheet. The interpretation recognizes that some production stripping in surface mining activity will benefit production in future periods and sets out criteria for capitalizing such costs. While the Company is not yet in the production phase, the Company is currently assessing the future impact of this interpretation.

IFRS 13 Fair Value Measurement

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company is yet to assess the full impact of IFRS 13 and intends to adopt the standard no later than the accounting period beginning on April 1, 2013.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

6. Share capital:

(a) Authorized:

Unlimited number of common shares without nominal or par value; and
Unlimited number of preferred shares without nominal or par value, of which none have been issued.

(b) Issued:

	Number of shares		Amount
Balance, June 30, 2013 and December 31, 2012	10,768,500	$	877,375

According to TSX Venture Exchange Policy regarding CPCs, the Company must complete a Qualifying Transaction within 24 months of listing on the TSXV. Effective October 11, 2007 the Exchange halted the trading in the common shares of Albion for failing to have completed its Qualifying Transaction within this timeframe. The remedy to re-instate trading in the shares of the Company was contingent upon getting shareholder approval for listing of its shares on the NEX. Another stipulation under the TSXV policies was that 50% of the escrow shares held by the directors or insiders were to be cancelled. At the Company's Annual and General Shareholders meeting held on November 30, 2007 both of these resolutions were approved by the shareholders, resulting in a reduction in the number of escrowed shares being reduced from 2,135,000 to 1,135,000 common shares.

Of a completed private placement for a total of 4,761,000 common shares which closed on April 5, 2012 a total of 2,000,000 shares were acquired by officers and directors and a further 1,500,000 shares, representing over 10% of the current issued and outstanding share capital, were acquired by a single corporate place. All of these shares have been placed into escrow as at the date of this report. A further 809,667 shares previously acquired by an officer director have been placed into escrow so that a total of 5,444,667 shares (December 31, 2012 – 2,444,667) are in escrow subject to terms of release as specified by TSXV policy.

(c) Stock options

The Company has a stock option plan (the "Plan") under which it is authorized to grant options to executive officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the Plan, the exercise price of any stock option granted may not be less than the closing price of the Company's shares on the last business day immediately preceding the date of grant, less discount permitted by the polices of the Exchange. The options can be granted for a maximum of five years and vesting is determined by the Board of Directors at the time of the grant.

Share based payments

During the six months ended June 30, 2013, the Company did not grant any options to offices, directors and consultants.

A summary of the Company's stock options as at June 30, 2013 and December 31, 2012 are as follows:

	June 30, 2013		**December 31, 2012**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Opening balance	700,000	$0.15	-	-
Granted	-	-	700,000	$0.15
Closing balance	700,000	$0.15	700,000	$0.15

6. Share capital (continued):

(c) Stock options (continued)`

		June 30, 2013			December 31, 2012		
Number of Options	Expiry Date	Grant Date Fair Value	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Number of Options	Grant Date Fair Value	Weighted Average Remaining Contractual Life (Years)
700,000	December 19, 2017	$ 0.15	$ 0.15	4.50	700,000	$0.15	5

As of June 30, 2013, 700,000 options were exercisable.

The fair value of stock options used to calculate share based payments for options granted is estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	December 31, 2012
Risk-free interest rate	1.40%
Expected life	5 years
Expected stock price volatility	160.92%
Expected dividend yield	0.00%

(d) Contributed surplus:

Balance, June 30, 2013 and December 31, 2012	$ 148,544

7. Related party transactions:

On April 26, 2013, Ms. Jacqueline Danforth was appointed as Chief Financial Officer of the Company. Filer Support Services Inc., a consulting company owned by Ms. Danforth, invoices the Company $1,500 monthly for administrative support and financial accounting services.

These transactions occurred in the normal course of operations and are measured at the exchange amount, which is the amount determined and agreed to by the related parties, which amount is also considered to be the fair value.