

# Activities Report for the quarter ended 30 September 2011

## Admiralty Resources NL (ASX: ADY)

### *Issued capital*

606,518,966 shares (as of 30 September 2011)

606,518,966 shares (current)

Top 20 shareholders : 56.03% (as of 30 September 2011)

Top 20 shareholders : 56.24 % (current)

Directors' holdings: 13.14% (as of 30 September 2011)

Directors' holdings: 13.14% (current)

### *Board*

#### **Chairman**

Professor Ross Harper

#### **Managing Director**

Stephen C. Prior

#### **Non-executive Directors**

Michael Perry

Dr. Shaoqing Li

#### **Company Secretary**

Patrick Rossi

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## Highlights

1. Kick-start of multi-target exploration strategy through the commencement of the following activities:
  - PAMPA TOLOLO PROJECT  
A high resolution ground magnetic survey including 3-d inversion and interpretation of the results;
  - HARPER SOUTH – MARIPOSA  
A detailed mine engineering study with the scope of the study to include all elements required to support an operation from mine to port;
  - HARPER SOUTH – ALL TARGETS  
A series of high resolution ground magnetic surveys which focus on the six identified targets;
  - BULMAN PROJECT  
Airborne electro-magnetic survey.
2. Admiralty remained debt free and had \$4,399,000 cash on hand at the end of the quarter (previous quarter: \$5,033,000).
3. Annual General Meeting was called to be held on 27<sup>th</sup> October 2011.
4. Subsequent to the end of the quarter:
  - Receipt of proposals for additional exploration works including a diamond drilling campaign at Mariposa and a topography study of Harper South; and
  - Commissioned the construction of a sampling room and office at Mariposa.



ADMIRALTY RESOURCES

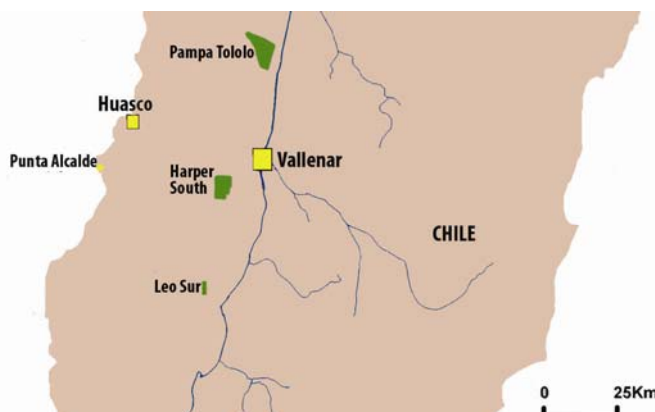
## Corporate

- Admiralty Resources NL (“the **Company**” or “**Admiralty**”) has continued to keep its administration and overhead expenditure in check to ensure the Company’s healthy cash position is primarily directed towards the initiated systematic exploration programme.

The Company’s continuing scrutiny has resulted in a 56% reduction in administration expenses from the corresponding period last year and reinforces the Company’s decision to divest part of operations to realise cash flow and reduce operating costs.

- The Annual General Meeting will be held on 27 October 2011 at 10.30 a.m. (AEDT) at Oaks on Collins, 480 Collins Street, Melbourne, Victoria, Australia.

## Admiralty Minerals Chile Pty Ltd Agencia en Chile (“AMC”) (Chilean branch)



*Location of projects in Chile*

### Harper South – 6 identified exploration targets

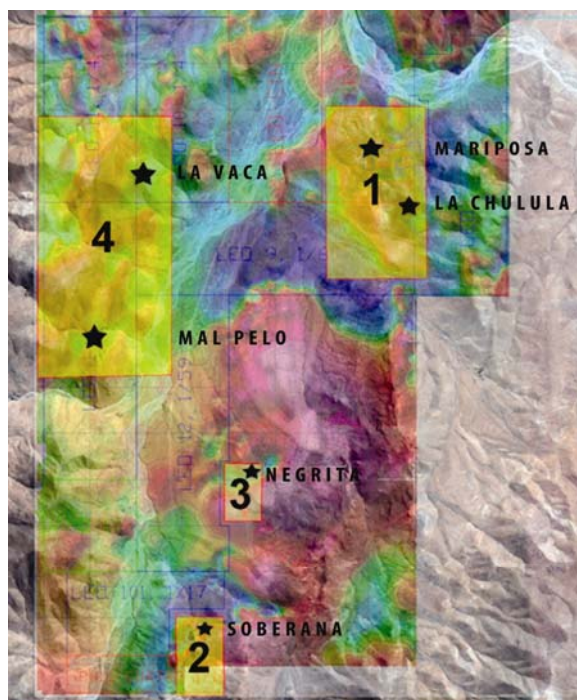
- During the quarter, AMC commissioned Redco Mining Consultants (“**Redco**”) to prepare a detailed mining study for the Mariposa Project. Redco has implemented a rapid due diligence program to collate and review all information relating to the Mariposa Project with a view to finalising a robust engineering report by second quarter 2012.

The report would support financial requirements to develop the project to a minimum of 1 million tonnes of finished product at a 63% Fe grade. The engineering report will include the following key elements:

- A 10 hole diamond drilling programme totalling 2,850m. This programme has been designed and Admiralty is currently reviewing proposals, with the programme expected to begin in the current quarter, subject to equipment availability;
- A detailed surface topography of the project, which has been commissioned by Admiralty and begun subsequent to the end of quarter;
- Construction of a sample room and office at Mariposa Project; and
- Mineralogical and metallurgical testing, which will be conducted on samples of the historical and proposed drilling campaigns.

- AMC engaged Quantec Geoscience Chile Ltda (“**Quantec**”) to conduct a series of high resolution ground magnetic surveys over the most prospective areas of Harper South. The surveys focus on six primary targets identified: Mariposa, La Chulula, Soberana, Negrita, Mal Pelo and La Vaca.

The primary objective of the survey is to delineate structural features, mineralization and alteration patterns and will allow specific drilling programmes to be designed at each of the targets. The results of each survey will undergo 3-D inversion and the results will assist in designing a campaign of 3,000 metres of reverse circulation drilling at each of the targets, excluding Mariposa.

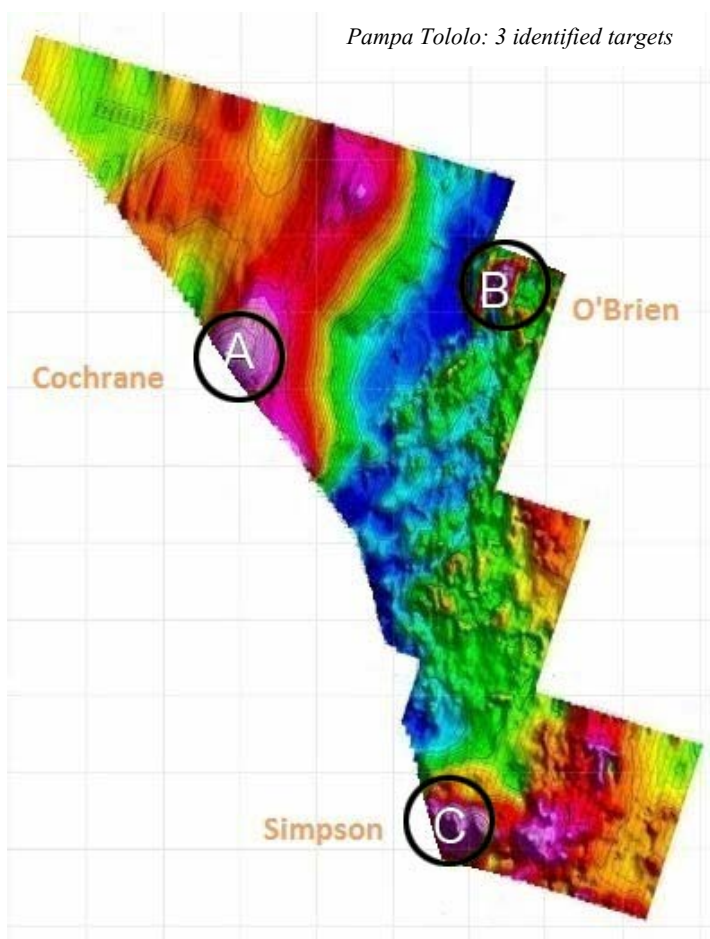


*Harper South: 6 identified targets*

It is anticipated these drilling campaigns will be conducted in 2012 – 2013.

### Pampa Tololo - 3 identified exploration targets

- AMC commissioned Quantec to conduct a ground magnetic survey over the Pampa Tololo concessions, which cover 3,455 hectares and are located north of Vallenar, Chile.
- This is the first piece of exploration performed over Pampa Tololo since the Company's acquired the concessions.
- The results of the survey identified three primary targets for further exploration which have been named: Cochrane, O'Brien and Simpson, in honour of three Chilean naval heroes.
- In line with the Company's decision to prioritise exploration at the Pampa Tololo concessions, AMC's independent geologist is currently creating a drilling programme at Cochrane.  
The programme is expected to commence in the first quarter of 2012 and will consist of 10 hole reverse air circulation drilling totalling 3,000 metres.  
It is anticipated this will be followed by a similar drilling programmes at the O'Brien and Simpson targets in 2012/2013.



### Royalty stream from SCM Vallenar Iron Company ("VIC")

During the quarter, VIC, under the control of Australis Mining Ltd ("Australis"), progressed their operations towards expected initial production by January 2013.

Australis has generated and stress tested detailed CAPEX lists to support an initial production of 800,000 tonnes of finished product per annum.

Australis have advised that they are in negotiations with several groups who are currently undertaking due diligence on the Harper North project with a view to providing finance; however, at this stage, no binding agreement has been reached. Further, VIC is currently in late stage negotiations with two port operators and Australis anticipates reaching an agreement by January 2012.

Pursuant to its agreement with Australis, Admiralty is entitled to receive a further US\$2,000,000 relating to the up-front consideration, with the next instalment of US\$1,000,000 due in March 2012.

Admiralty looks forward to receiving further news from Australis in relation to their advancement towards production, as their production will deliver an ongoing royalty stream to the Company. Taking the projected production rate of 800,000 tonnes, and at current market prices, this would bring in to Admiralty royalties of approximately US\$8m per annum.

### Bulman Resources Pty Ltd ("Bulman"), Northern Territory

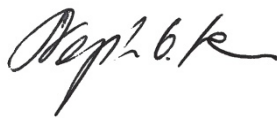
Fugro Airborne Surveys Pty Ltd ("Fugro"), on behalf of Bulman, conducted an airborne electro-magnetic survey over exploration licence 23814 with their TEMPEST™ Electro Magnetic ("EM") system. TEMPEST™ is a time-domain electromagnetic system operated from a fixed wing aircraft. The system has acquired high resolution EM data that seeks to detect the presence of buried stratiform lead-zinc-silver deposits.

The survey results are currently being interpreted by Fugro with the results expected to be received in the coming weeks.

## Outline for next quarter:

1. Exploration budget: \$1,000,000.
2. Tasks to complete:
  - Receipt and assessment of the results of the high resolution magnetic surveys in Harper South and Pampa Tololo;
  - Enter into a contract to execute diamond drilling programme in Mariposa;
  - Completion of the construction of the sample room and office in Mariposa;
  - Completion of topography over Mariposa to complement existing information for the engineering mining plan; and
  - Receipt and assessment of the results of the airborne electro-magnetic survey in Bulman.

Yours sincerely,



**Stephen C. Prior**  
Managing Director  
27 October 2011

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### *About Admiralty*

Admiralty Resources NL (“Admiralty”) is an Australian ASX listed company (ASX listing code: ADY) with mining interests in Chile and Australia as follows:

- 100% shareholder in Admiralty Minerals Chile Pty Ltd Agencia en Chile, the owner of the mineral exploration and exploitation concessions covering over 6,000 hectares within Chilean iron belt in the Atacama Region;
  - 100% shareholder in Bulman Resources Pty Ltd, holder of the Bulman project, a lead and zinc deposit located in the Northern Territory of Australia;
  - 50% interest in the Pyke Hill Project, a high grade nickel and cobalt deposit near Leonora in Western Australia.
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