

INTERIM FINANCIAL REPORT

Half Year Ended 31 December 2011



ADMIRALTY RESOURCES NL

Investor Factsheet

Corporate Information

ASX listed Admiralty Resources NL (ADY) owns and manages a portfolio of high-quality iron ore projects within the established Chilean Iron Belt and a lead and zinc project in Bulman, Northern Territory of Australia.

ADY is progressing in its strategy of proving up commercial quantities of iron ore resources on its Chilean tenements.

Business Description

Shares on issue

606,518,966

Mineral Interests

Harper South (2,498 Ha)
Pampa Tololo (3,455 Ha)
Leo Sur (600 Ha)

Iron ore in Chile - flagship project

Zinc and lead in Australia

Bulman

Exploration	Status
Chile	
High Resolution Magnetic Surveys	
Harper South - 6 targets	Completed
3-D inversion Mariposa & La Chulula	Completed
Negrita, Soberana, Mal Pelo & La Vaca	Scheduled 1 st Quarter 2012
Pampa Tololo - 3 targets: Cochrane, O'Brien & Simpson (3-D inversion included)	Completed
Leo Sur	Scheduled 1 st Quarter 2012
Drilling campaigns	
3,000 metres diamond drilling at Mariposa	Completed. Results scheduled for 1 st Quarter 2012
Test hole at La Chulula	Underway Results scheduled for 1 st Quarter 2012
5,000 metres reverse circulation drilling at Simpson	Scheduled 1 st Quarter 2012
Mine Engineering Plan - Mariposa	
3,000 metres diamond drilling at Mariposa	Completed
Mineral Resources Statement	Underway Results scheduled for 1 st Quarter 2012
Topography survey	Completed
Chemical and metallurgical testing	Underway
Release of pre-feasibility report	Scheduled 2 nd Quarter 2012
Airborne Electromagnetic Survey	
Bulman	Completed Results scheduled for 1 st Quarter 2012

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Cover image: Sample cores from 61 to 72 metres deep, with an estimated of 40-50% Fe grade and extracted from drill hole AD-06 diamond drilling campaign at the Mariposa iron target (December 2011).

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The 2012 Half Year Report provides an overview of Admiralty Resources NL's main operating activities and its financial position for the period ended 31 December 2011.

Directors' Report

The Directors of Admiralty Resources NL submit the half year financial report of the Company for the half year ended 31 December 2011. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors and Company Secretary

The names and particulars of the Directors of the Company during or since the end of the half year are:

- | | |
|--|------------------------|
| • Professor J. Ross Harper, CBE, MA, LLB, D Univ | Chairman of Directors |
| • Stephen C. Prior, BCom (Melb.), FCA, FTIA, MAICD | Managing Director |
| • Michael S. Perry, BCom (Melb.), FCA, SA Fin, MAICD | Non-executive Director |
| • Dr Shaoqing Li, BSc, PhD, MIEAust, CPEng | Non-executive Director |
| • Patrick Rossi, BCom (Melb.), CA, GradDip ACG | Company Secretary |

All directors and the Company Secretary have been in office throughout the period and up to the date of this report.

Review of Operations

About Admiralty

Admiralty Resources NL ("Admiralty" or "the Company") is a diversified exploration company with mineral interests in Chile and Australia. Admiralty's flagship projects are the iron ore prospects located in the Third Region of Chile in which Admiralty holds a 100% interest.

The Company also has a 100% interest in the Bulman Project, a lead and zinc deposit located in the Northern Territory of Australia and a 50% interest in the Pyke Hill Project, a nickel and cobalt deposit in Western Australia.

Principal Activities

The Consolidated Entity's principal activities in the course of the half-year were the exploration and evaluation of mineral resources. There has been no change in these activities during the financial period.

Highlights

Admiralty has been primarily engaged in the exploration and development activities of two of its Chilean projects: Harper South and Pampa Tololo. The highlights of the period include:

- 1) **Admiralty remained debt free and had \$3,211,000 cash on hand at the end of the period** (31 December 2010: \$502,000) and expenditure on exploration increased substantially to \$920,000 in the period (31 December 2010: \$96,000).
- 2) **High resolution ground magnetic surveys** completed in Harper South and Pampa Tololo. The surveys were completed by Quantec Geoscience Chile Ltda. in September 2011, delivering three exploration targets in Pampa Tololo and confirming two very prospective targets in Harper South, Mariposa and La Chulula. Results are still pending for the other four remaining targets in Harper South.

- 3) **Engagement of Redco Mining Engineers to complete a mine engineering plan** (pre-feasibility study) with an initial production plan of one million tonnes of finished product per annum from the Mariposa iron target.

As part of the mine plan, the following tasks were scheduled:

- A 10 hole / 3,000 metres diamond drilling programme. 5 holes and a total of 1,604 metres had been drilled up to 31 December 2011. Subsequent to the end of the period, the drilling programme has been completed.
- A topography study of Mariposa;
- Mineralogical and metallurgical testing on previous and current samples; and
- Construction of sample room and office camp.

Operations Overview -Chile

Mineral Tenure

The mineral exploration and exploitation concessions covering approximately 6,600 hectares are located in the Atacama Desert at an altitude of 380 metres above sea level in the surroundings of the township of Vallenar in the Third Region of Chile.

The mineral concessions are grouped into the following districts:

- **Harper South**, located 15 kilometres south of Vallenar, covering 2,498 hectares in which six exploration targets have been identified: Mariposa, La Chulula, Soberana, Negrita, La Vaca and Mal Pelo.
- **Pampa Tololo**, located 33 kilometres north of Vallenar in which three main exploration targets have been identified: Cochrane, O'Brien and Simpson. The district covers 3,455 hectares and it is 200 metres from Los Colorados iron mine, owned by Compañía Minera del Pacífico ("CMP"), Chile's largest iron ore producer.
- **Leo Sur**, covering approximately 600 hectares and located approximately 43 kilometres south-west of the Harper South concessions and 8 kilometres from El Algarrobo iron mine, owned by CMP.

Admiralty's mineral concessions are nestled in the Chilean Iron Ore Belt, an area endowed with rich deposits in iron, copper and gold, and they are surrounded by established and successful iron mines, like El Algarrobo and Los Colorados.

Admiralty's mineral districts are located in a prime infrastructure that places the projects in a position that can have a very positive impact on the mine development, construction and operating costs as a main highway, railway, port and airport are readily accessible.



Map of the Chilean iron ore belt with the current iron projects
(for illustration purposes only, not to scale).



Location of Admiralty's mineral tenure, in the surroundings of Vallenar, the port of Huasco, the Panamerican Highway and nestled among the concessions owned by CMP, Chile's largest iron ore producer (11 million tonnes per annum -2011-).

Operations Overview - Chile (Continued)

Mineral Exploration

The geological exploration programme carried out by the Board adheres to industry standards that permit a mining company to be able to identify and define the quantity and quality of its mineral resources and proven ore reserves, following the results of a feasibility study, upon which a production decision can be made and mine construction can proceed.

Admiralty's primary focus is to accelerate the exploration in the Harper South district and prioritise the exploration of the Pampa Tololo district. The exploration at both districts, with the exception of the Mariposa target -in Harper South, is in its infancy; however, the geographical location of the districts, flanked by iron ore miners and explorers and the results of the exploration work to date warrant promising results.

Directors' Report (Continued)

Admiralty commissioned Quantec Geoscience Chile Ltda. to conduct a high resolution ground magnetic survey over the six identified primary targets in Harper South and over the whole of the Pampa Tololo concessions.

The objective of the ground magnetic surveys was the identification of structural trends, the detection and definition of magnetite style mineralisation and alteration patterns. These are preliminary exploration tasks mandatory in order to define the extensions of potential targets for iron mineralisation both at depth and along strike for drill targeting.

Harper South

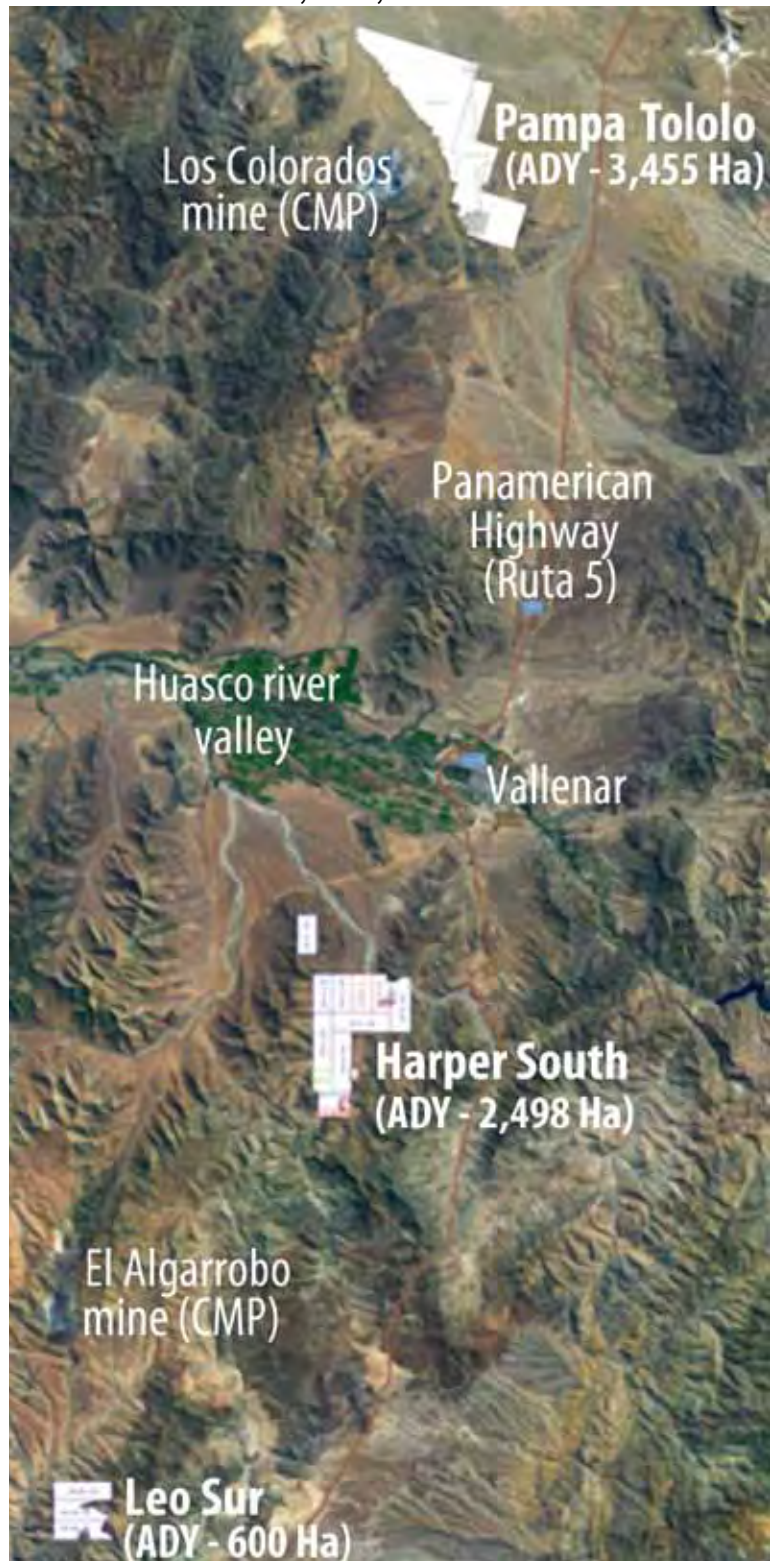
The surveys were completed in September 2011 and consisted of 37 trending lines of 1100 metres each and spaced at 50 metres apart, covering an area of 2 km² and rendering 550 kilometres of magnetic coverage approximately. The magnetic data was recorded every 10 metres using GEM Overhauser magnetometers.

The surveys focused on six primary targets identified: Mariposa, La Chulula, Soberana, Negrita, Mal Pelo and La Vaca. The results have been very positive and delineate high intensity magnetic anomalies of significant size.

Location of the six targets identified in Harper South.



Extension of the three districts owned by Admiralty.



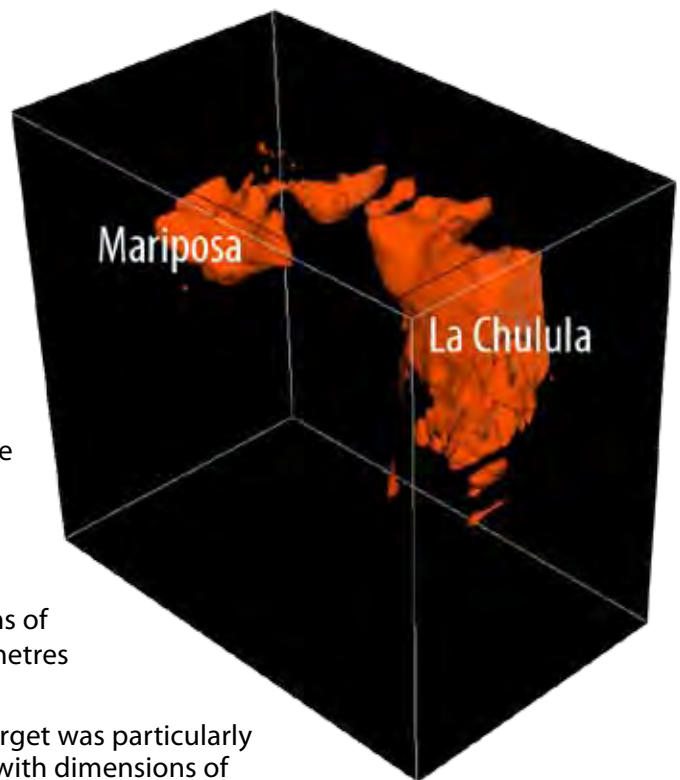
Directors' Report (Continued)

Operations Overview - Chile (Continued)

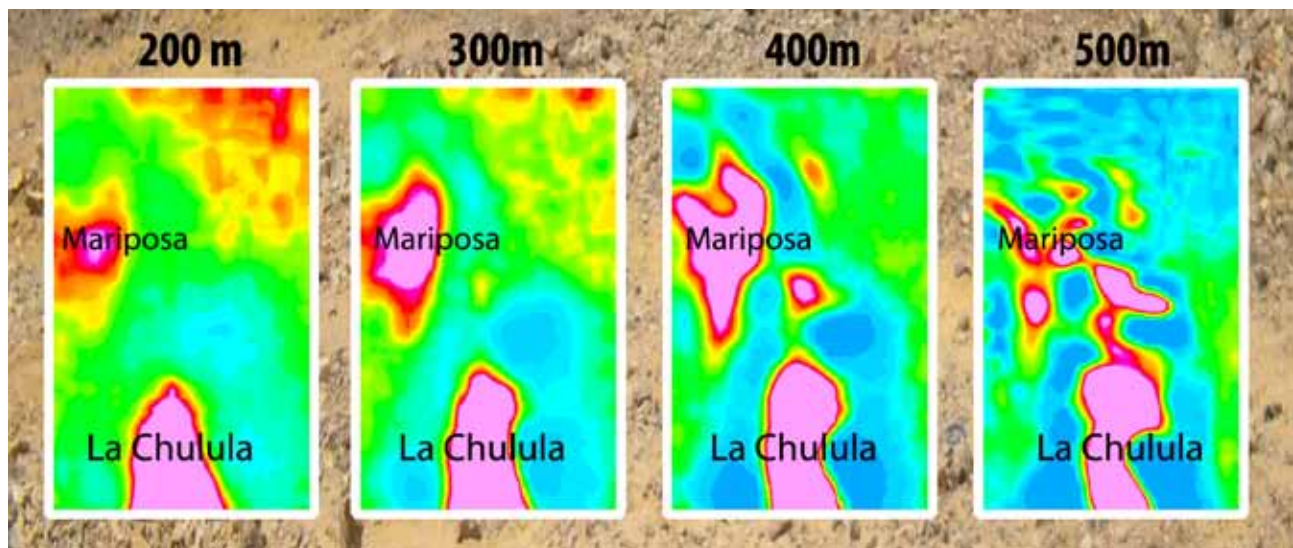
Mineral Exploration - Harper South (Continued)

The 3-D inversions received to date confirmed the presence of two targets containing significant iron mineralization: Mariposa and La Chulula, which have been confirmed as primary iron targets within Harper South.

- **Mariposa.** The Mariposa iron target displays dimensions of 250 x 300 metres, located at a depth of less than 100 metres below the surface.
- **La Chulula.** The interpretation of the La Chulula iron target was particularly promising as it exhibited a north/south vertical body, with dimensions of 250 x 750 metres, located near the surface, with depths up to 700 metres.



3D model of Mariposa and La Chulula, Harper South.

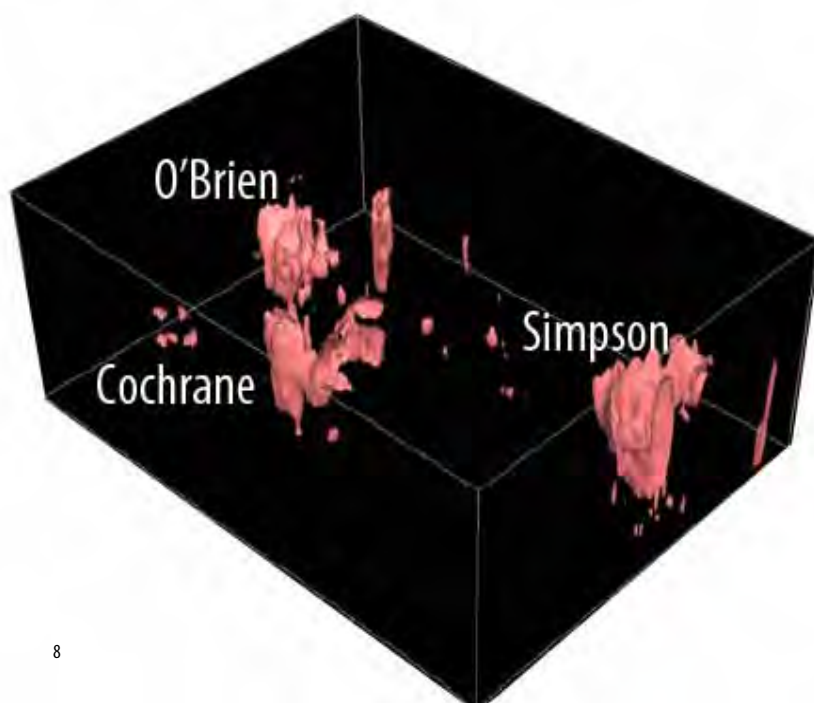


Depth slices of magnetic susceptibility between 0.5 and 0.9 S.I. in Mariposa and La Chulula, between 200 and 500 metres deep, obtained by 3-D inversion by the results of the high resolution ground magnetic surveys performed by Quantec Geoscience Chile Ltda.

Pampa Tololo

During the period, Admiralty commissioned the first piece of exploration work over the Pampa Tololo district since the Company acquired them in 2007. The work was mandated to Quantec Geoscience Chile Ltda., who performed a high resolution magnetic survey over the whole of the district.

The survey consisted of 163 trending lines of variable length and spaced at 100 metres apart with 50 metres infill in the central area. The 3-D inversion of the survey results revealed three distinct iron targets, named by Admiralty as Cochrane, O'Brien and Simpson, in honour of three Chilean naval heroes.



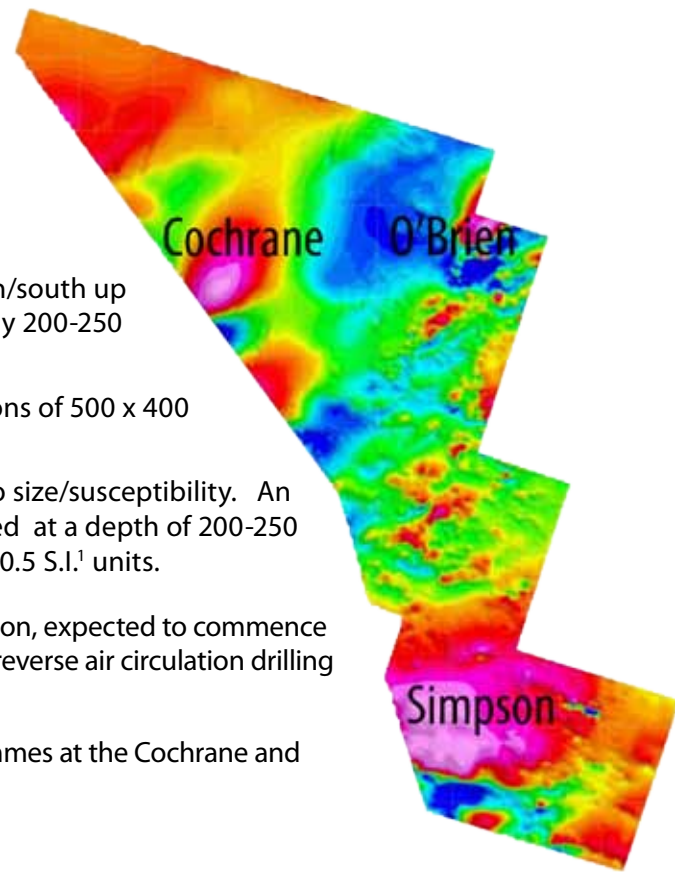
3D model of the targets identified at the Pampa Tololo district.

The targets identified by the survey are as follows:

- **Cochrane.** It exhibits a complex shape, elongating north/south up to 1000 metres, with a depth extension of approximately 200-250 metres.
- **O'Brien.** It shows an oblate sphere shape, with dimensions of 500 x 400 metres, buried at depths between 200 and 300 metres.
- **Simpson.** This is the most important target in relation to size/susceptibility. An oblate spheroid shape of 800 metres in diameter, located at a depth of 200-250 metres and exhibiting magnetic susceptibility of about 0.5 S.I.¹ units.

Admiralty is currently creating a drilling programme for Simpson, expected to commence in the first quarter of 2012 and will consist of up to 10 holes of reverse air circulation drilling with a total length of approximately 5,000 metres.

It is anticipated this will be followed by similar drilling programmes at the Cochrane and O'Brien targets in 2012/2013.



View of the magnetic field at the Pampa Tololo targets.

Harper South - Mariposa Iron Prospect

Mine Engineering Plan

In addition to the geophysical exploration work, Admiralty engaged Redco Mining Engineers ("Redco") to build on work previously done by SRK Consulting (Chile) S.A. in creating a detailed mine engineering plan for Mariposa.

The mine engineering plan is to contain a resource evaluation, mine design and planning, process design, operating and capital costs estimation and review of possible transportation and logistics solutions, culminating in a reserve evaluation.

Redco are preparing a robust mine engineering plan which will support the financial requirements to develop the project for an initial production plan of one million tonnes of finished product per annum at least 62% Fe grade. The key outcomes of the mine engineering plan are:

- to provide a resource statement, upgrading the current mineral resources of 168² million tonnes in Mariposa, where applicable;
- to define the mining process: how the ore will be processed to obtain the final product, supplementing the information provided by the diamond drilling ("DD") campaign with laboratory work;
- to construct a resource model that can have reliable estimation of grades and its distribution across the ore body and which can confirm the continuity of the geological ore body;
- to draw the best mining geometry and architecture after conducting geotechnical studies to estimate the rock mass strength, based on the DD campaign core samples;
- to obtain a full set of mineralogical information that observes the minerals involved in the ore body such as magnetite or hematite and identify the association of minerals contained in the ore body that could affect the processing and the metallurgical recovery; and
- to define the degree of grinding that needs to take place during processing in order to liberate the mineral of interest, according to the main parameters of the grain size.

¹ S.I. refers to the International System of Units (abbreviated SI from French: *Système international d'unités*). S.I. is the most widely used system of measurement devised around seven base units and the convenience of the number ten, which is used both in everyday commerce and in science.

² The mineral resources of Mariposa were calculated by SRK Consulting Chile S.A. The resource statement report was released to the market on 2 September 2009 via an announcement and it is included in the Appendix of this document, from page 25 onwards.

Directors' Report (Continued)

Operations Overview - Chile (Continued)

Harper South - Mariposa Iron Prospect - Mine Engineering Plan (Continued)

The following activities occurred during the period to assist in the preparation of the mine engineering plan:

- Completion of a detailed surface topography of the project;
- Commission of mineralogical and metallurgical testing on the recently drilled samples in addition to testing on the historical samples as part of the due diligence programme;
- Construction of a sample room and office camp at Mariposa; and
- Commencement of a 3,000 metres / 10 holes diamond drilling programme.

3D view of topography, magnetic susceptibility and diamond drilling campaign holes at Mariposa.

Diamond Drilling Campaign

The diamond drilling ("DD") campaign commenced on 19 November 2011 and it was completed on 3 February 2012. It consisted of 3,000 metres subdivided within 10 drill holes, with a depth distribution between 255 to 350 metres and a diameter of 2.5 inches (HQ diameter).

The DD campaign was designed by Redco and it is based on the review of all the previous exploration work done at Mariposa, the results of the high resolution ground magnetic survey and the topography survey, carried out in September and October 2011.

The criteria to define the drill hole zone locations were to obtain drill holes that enabled Redco:

- to check the magnetic susceptibility continuity of the Mariposa deposit;
- to cross the magnetic susceptibility of the ore body;
- to cross the mined out areas in the 1960's perpendicularly; and
- to drill along mined out area projections to confirm the extension of the ore body.



Boart Longyear LY 44 drill rig operating in Mariposa in November 2011.



Visible iron outcrops at the La Chulula target, Harper South.

The DD campaign was conducted by Superex S.A., using a Boart Longyear LY 44 drill rig manned by 16 staff in two shifts, and being monitored by Admiralty's external geological consultants, Goldberg Resources, and Redco.

The execution of the DD campaign progressed well with a total of 5 holes and 1,604 meters drilled to 31 December 2011. The drilling campaign at Mariposa concluded on 3 February 2012 and the interpretation of the results is expected in the current quarter.

Test drill hole at La Chulula iron prospect

Subsequent to the end of the period and following the promising high-resolution ground magnetic survey results, Admiralty has also prioritised further exploration at La Chulula.

To take advantage of the drill rig working at Mariposa, a new hole of up to 600 metres depth at La Chulula has been added to the existing DD programme. This will enable metallurgical testing to be performed on the sample cores and provide greater understanding of this iron target, which has not previously been subject to drilling. The drilling at the test hole has now commenced.

Admiralty will commission a reverse circulation drilling programme for which proposals are currently being obtained. The programme is expected to commence during the first quarter of 2012.

Leo Sur

Admiralty's external geologist, Goldberg Resources and management performed a field visit to Leo Sur in December 2011.

Leo Sur exhibits surface copper sulphate, hematite and magnetite in large lumps, quartz and kaolin and indicates a classic IOCG (Iron Oxide Copper Gold) deposit, very common in the Chilean Iron Belt. Goldberg Resources described the project as very exciting, with large iron surface deposits, both magnetic and non-magnetic.

Three exploitation concessions form the Leo Sur district, covering 600 hectares and located 8 km from El Algarrobo iron mine (CMP), which supplies preconcentrates to CMP's iron pellet plant in Huasco and whose reserves are estimated at 5.5 million tonnes.



Excavator preparing platform for an up to 600 metres deep drill hole at La Chulula.



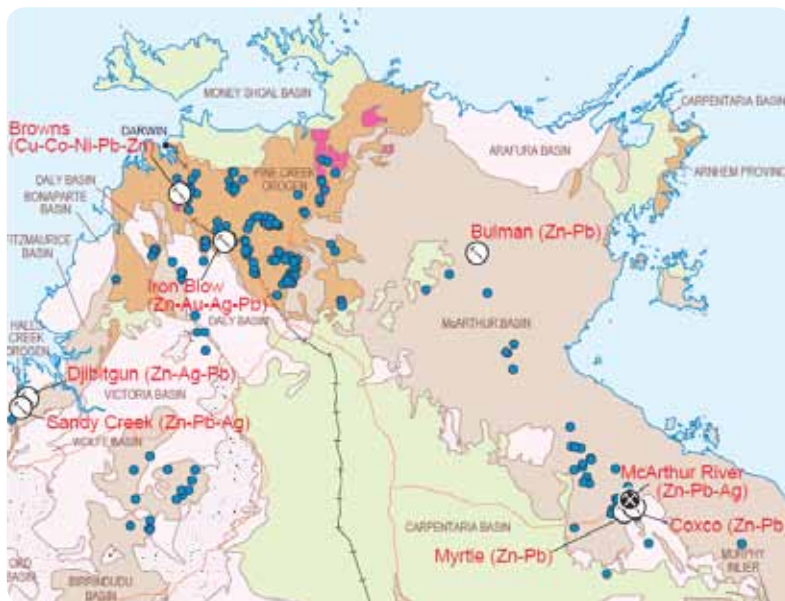
Iron outcrops in Leo Sur, very characteristic of an IOCG deposit type.

Directors' Report (Continued)

Operations Overview - Australia

Bulman Project - Northern Territory

The Bulman Project is a lead and zinc bearing deposit located near the Bulman Aboriginal community in southern Arnhem Land, approximately 320 kilometres north east of Katherine, in Australia's Northern Territory. The project consists of two granted mineral leases (MLN 726 and 727) and two exploration licences (EL 23814 and 25931).



Current lead and zinc exploration/mining projects in the Northern Territory, Australia.

Exploration

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

The survey results have been modelled by Fugro and are being interpreted by Bulman's independent geological consultants, Geos Mining Consultants ("Geos Mining"). An announcement with the results is expected to be released during this quarter.

Application for two new exploration licences

Admiralty has submitted an application for two new explorations licences for the project, following the recommendation of Geos Mining to increase the project exploration area.

The two exploration licences in question are EL25929, located within an exploration licence currently held by the Company (EL23814 and EL25930) and containing the area in which the current mineral leases (MLN726, MLN727) held by Admiralty are located, and surround exploration licence EL25931, also held by the Company.

The new licences cover an area of 428.17 km² and Admiralty will engage with Northern Land Council and local community to ensure that the project have their support.

Pyke Hill Project - Western Australia

The Pyke Hill Project in Western Australia comprises a single granted mining lease which covers an area of 5.37 km². The project is located approximately 40 kilometres southeast of the Murrin Murrin nickel joint venture (60% owned by Minara Resources Limited).

Admiralty has a 50% holding in the mining lease, currently leased to Cougar Metals NL ("Cougar"), holder of the exploration and mining rights, under an agreement, by which Admiralty would receive a royalty of 20 cents per tonne of nickel ore run of the mine.

Cougar continues to seek third parties that may have an interest in participating in the project in the future. During the period, Admiralty has kept in touch with representatives of the other 50% owner and Cougar to keep up the dialogue and to foster cordial relationships.

Operations Overview - Corporate

Royalty stream from SCM Vallenar Iron Company

During the period, SCM Vallenar Iron Company ("VIC"), under the control of Australis Mining Ltd ("Australis"), progressed their operations towards an expected initial production of 800,000 tonnes of finished product per annum by January 2013.

Australis have advised that they are in negotiations with several groups with a view to providing finance to develop their project; however, at this stage, no binding agreement has been reached.

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\$7m per annum.

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

Other Corporate Matters

- Admiralty has continued to keep its administration and overhead expenditure in check to ensure the Company's healthy cash position is primarily directed towards its exploration programme.

	<i>1 July 2011 to 31 December 2011 (\$'000)</i>	<i>1 July 2010 to 31 December 2010 (\$'000)</i>	<i>Variance</i>
Exploration activities expenditure	920	96	858%
Administration expenditure	939	1,949	-52%
Cash on hand at the end of the period	3,211	502	540%

- During the period, consideration was given to a dual listing on the Toronto Stock Exchange or on the NYSE/AMEX Stock Exchange. The Board decided to postpone the dual listing for the time being and await results from the current exploration activities.
- Admiralty held its Annual General Meeting on 27 October 2011 at Oaks on Collins, 480 Collins Street, Melbourne, Victoria, Australia. Resolutions for the re-election of Professor Ross Harper as a Director, the election of Dr Shaoqing Li as a Director and the ratification of the issue of 72,000,000 shares were passed.
- The Company's shareholder base has strengthened during the period, with the top 20 shareholders holding 57.22% of the issued capital at 31 December 2011 (31 December 2010: 15.99%).
- Sino Investment & Holding Pty Ltd and its associates increased their shareholding by 1.04% and continue to be a substantial holder, owning 12.91% of the issued capital as of 31 December 2011.

Directors' Report (Continued)

Operating Results

The consolidated loss after tax of the economic entity amounted to \$805,970 (2010 income: \$14,941,242).

Dividends recommended or paid

No dividends were paid during the half-year, nor are any recommended as at 31 December 2011.

Matters subsequent to Half-Year's end

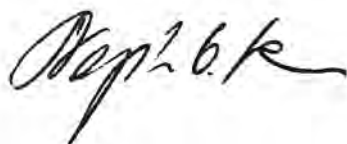
There have been no significant events subsequent to reporting date.

Auditor's independence declaration

The auditor's independence declaration is included on page 15.

Signed in accordance with a resolution of the directors made pursuant to s. 306(3) of the Corporations Act 2011 on 20 February 2012.

On behalf of the Directors,

A handwritten signature in black ink, appearing to read 'Stephen C. Prior', is written over a light grey circular stamp.

Stephen Charles Prior
Managing Director
20 February 2012

Auditor's Independence Declaration



LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To: The Directors
Admiralty Resources NL and the entities it controlled during the year

I declare to the best of my knowledge and belief, in relation to the audit for the financial half-year ended 31 December 2011 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and
- no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'R A Dean', is written over a light blue horizontal line.

R A Dean
Partner
PKF

20 February 2012
Melbourne

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Auditor's Independent Review Report



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ADMIRALTY RESOURCES NL

Chartered Accountants
& Business Advisers

Report on the Half-Year Financial Report

We have reviewed the accompanying consolidated half-year financial report of Admiralty Resources NL which comprises the statement of financial position as at 31 December 2011, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity. The consolidated entity comprises Admiralty Resources NL (the company) and the entities it controlled at 31 December 2011 or from time to time during the half-year ended on that date.

Directors' Responsibility for the Half-Year 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 is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 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*. As the auditor of Admiralty Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Admiralty Resources NL, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

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 the consolidated entity is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 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*.

PKF

20 February 2012
Melbourne

R A Dean
Partner

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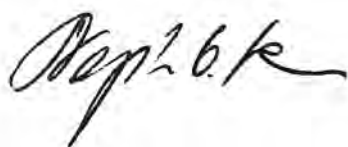
Directors' Declaration

In the opinion of the directors of Admiralty Resources NL ('the Company'),

- 1) The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - a) Giving a true and fair view of the financial position of the consolidated entity as at 31 December 2011 and its performance for the six month period ended on that date; and
 - b) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- 2) There are reasonable grounds to believe that the Company will be able to pay its debts when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Directors,

A handwritten signature in black ink, appearing to read 'Stephen C. Prior', is written over a faint, circular embossed seal.

Stephen C. Prior
Managing Director
Melbourne, 20 February 2012

Consolidated Statement of Comprehensive Income

for the half year ended 31 December 2011

	<i>Note</i>	<i>Consolidated Half-year ended</i>	
		<i>31 December 2011</i>	<i>31 December 2010</i>
		<i>\$</i>	<i>\$</i>
Income			
Interest income		61,202	2,877
Finance income - unwinding of discount		122,451	-
Gain on foreign exchange translation		125,909	-
Other income		-	1,432
		309,562	4,309
Expenses			
Depreciation expense		(1,910)	(1,192)
Operational expenses		-	(73,997)
Employee costs		(297,280)	(239,989)
Exploration expenditure		(270,518)	(95,516)
Consultancy and professional expenses		(330,138)	(495,210)
Occupancy expenses		(16,800)	(68,523)
Travel expenses		(37,299)	(32,423)
Finance costs		-	(2,336)
Administration expenses		(161,587)	(686,150)
Loss on foreign exchange translation		-	(116,413)
		(1,115,532)	(1,811,749)
LOSS BEFORE INCOME TAX		(805,970)	(1,807,440)
Income tax benefit		-	-
LOSS FROM CONTINUING OPERATIONS AFTER INCOME TAX		(805,970)	(1,807,440)
Profit from discontinuing operations	2	-	16,748,682
INCOME/(LOSS) AFTER TAX		(805,970)	14,941,242
Other comprehensive income/(loss)			
Foreign exchange differences arising in translation of foreign operations		(4,494)	(8,701,594)
Income tax on other comprehensive income		-	-
Total other comprehensive loss net of taxes		(4,494)	(8,701,594)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		(810,464)	6,239,648

The above Consolidated Statement of Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements on pages 22 to 24.

Consolidated Statement of Financial Position

as at 31 December 2011

	<i>Consolidated As at</i>	
	<i>31 December 2011</i>	<i>30 June 2011</i>
	\$	\$
<i>Current assets</i>		
Cash and cash equivalents	3,210,902	5,032,970
Trade and other receivables	114,473	85,917
Other financial assets	1,824,621	854,511
Total current assets	5,149,996	5,973,398
<i>Non-current assets</i>		
Other financial assets	-	777,992
Contractual royalty rights	29,373,250	29,373,250
Property, plant and equipment	86,923	10,355
Mining interests	15,976,662	15,321,691
Other	20,711	21,656
Total non-current assets	45,457,546	45,504,944
TOTAL ASSETS	50,607,542	51,478,342
<i>Current liabilities</i>		
Trade and other payables	303,258	363,594
Total current liabilities	303,258	363,594
<i>Non-current liabilities</i>		
Trade and other payables	-	-
Total non-current liabilities	-	-
TOTAL LIABILITIES	303,258	363,594
NET ASSETS	50,304,284	51,114,748
<i>Equity</i>		
Contributed equity	134,514,263	134,514,263
Foreign currency translation reserve	(679,699)	(675,205)
Accumulated losses	(83,530,280)	(82,724,310)
TOTAL EQUITY	50,304,284	51,114,748

The above Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements on pages 22 to 24.

Consolidated Statement of Changes in Equity

for the half year ended 31 December 2011

31 December 2011	Contributed equity	Foreign currency translation reserve	Accumulated losses	Total equity
	\$	\$	\$	\$
Balance at 1 July 2011	134,514,263	(675,205)	(82,724,310)	51,114,748
Loss for the period	-	-	(805,970)	(805,970)
Other Comprehensive Income:	-	(4,494)	-	(4,494)
Total comprehensive income for the half year	-	(4,494)	(805,970)	(810,464)
<i>Transactions with owners in their capacity as owners</i>				
Issue of share capital net of costs	-	-	-	-
Balance at 31 December 2011	134,514,263	(679,699)	(83,530,280)	50,304,284

31 December 2010	Contributed equity	Foreign currency translation reserve	Accumulated losses	Total equity
	\$	\$	\$	\$
Balance at 1 July 2010	129,289,824	8,534,135	(97,139,983)	40,683,976
Profit for the period	-	-	14,941,242	14,941,242
Other Comprehensive Income:	-	(8,701,594)	-	(8,701,594)
Total comprehensive income for the half year	-	(8,701,594)	14,941,242	6,239,648
<i>Transactions with owners in their capacity as owners</i>				
Issue of share capital net of costs	593,898	-	-	593,898
Total equity at the end of the half-year	129,883,722	(167,459)	(82,198,741)	47,517,522

The above Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements on pages 22 to 24.

Consolidated Statement of Cash Flows

for the half year ended 31 December 2011

	<i>Consolidated Half-year ended</i>	
	<i>31 December 2011</i>	<i>31 December 2010</i>
	\$	\$
<i>Cash flows from operating activities</i>		
Proceeds from sale of iron ore and stockpiles	-	2,137
Payments to suppliers and employees	(939,331)	(1,948,679)
Exploration expenditure	(264,674)	(95,516)
Interest received	61,202	2,876
Net cash flows used in operating activities	(1,142,803)	(2,039,182)
<i>Cash flows from investing activities</i>		
Payment for exploration and evaluation	(654,970)	-
Purchase of fixed assets	(78,478)	(926)
Proceeds from sale of VIC	-	1,023,951
Proceeds from sale of shares	-	5,640
Payment of costs to be reimbursed	-	(335,377)
Net cash flows (used in)/provided by investing activities	(733,448)	693,288
<i>Cash flows from financing activities</i>		
Proceeds from issues of equity securities	-	593,898
Proceeds from borrowings	-	200,000
Repayments of borrowings	-	(200,000)
Net cash flows provided by financing activities	-	593,898
Net decrease in cash held	(1,876,251)	(751,996)
Cash at the beginning of the financial year	5,032,970	1,265,227
Foreign exchange adjustment	54,183	(10,833)
CASH AT THE END OF THE FINANCIAL YEAR	3,210,902	502,398

The above Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements on pages 22 to 24.

Notes to the Financial Statements

for the half year ended 31 December 2011

Note 1 Basis of Preparation of the Half-Year Financial Report

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual financial report of Admiralty Resources NL as at 30 June 2011.

(a) Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis.

Significant accounting policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2011.

Contractual Royalty Rights

The half year report includes non-current assets relating to contractual royalty rights to the amount of \$29,373,250. These rights represent the value of the royalties due under an agreement with SCM Vallenar Iron Company ("VIC"). The royalties are due on all production of iron ore fines produced by VIC from the northern region of the Harper Geological District. As a result, the royalty rights will be amortised using a method based on the production of iron ore fines.

Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of Admiralty Resources NL and its subsidiaries ("the consolidated entity").

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

(b) Going concern

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

The Directors continue the ongoing and active management of the expenditure incurred by the consolidated entity to preserve the current cash levels. The cash flow forecast indicates that there will be sufficient cash resources available to fund the planned activities and commitments of the consolidated entity for at least the next twelve months. In the unlikely event that unbudgeted costs are incurred the consolidated entity has various alternatives available including the ability to reduce discretionary expenditure whilst additional finance is sought through capital raising arrangement or by other means. In addition, the consolidated entity expects to begin receiving cash flows from SCM Vallenar Iron Company relating to the royalty stream on all production of iron ore fines from Harper North during 2013.

The Directors have reviewed the consolidated entity's overall position and outlook in respect of the matters identified above and are of the opinion that the use of the going concern basis is appropriate in the circumstances.

Note 2 Disposal of assets

Disposal of SCM Vallenar Iron Company

On 16 November 2010, the consolidated entity sold 100% ownership of SCM Vallenar Iron Company. Details of the fair value of assets and liabilities disposed of are as follows:

	Period ended 31 December 2011 \$	Period ended 31 December 2010 \$
<i>Consideration received or receivable</i>		
Cash consideration received	-	1,029,000
Deferred purchase consideration - Current	-	1,013,400
Deferred purchase consideration - Non-current	-	1,607,773
Contractual royalty rights	-	29,373,250
	-	33,023,423
<i>The carrying amount of assets and liabilities at the time of the disposal</i>		
Cash and cash equivalents	-	5,049
Inventory	-	3,682,202
Mining interests	-	21,592,201
Fixed assets	-	1,277,530
Guarantees	-	599,946
Other assets	-	930,235
TOTAL ASSETS DISPOSED	-	28,087,163
Other liabilities	-	(2,704,214)
Accruals & provisions	-	(1,514,128)
TOTAL LIABILITIES DISPOSED	-	(4,218,342)
NET ASSETS DISPOSED	-	23,868,821
GAIN ON DISPOSAL OF DISCONTINUING OPERATIONS	-	9,154,602
<i>Profit from discontinuing operations</i>		
Gain on disposal	-	9,154,602
Other revenue	-	127,341
Operational expenses	-	(265,874)
Employee benefit expense	-	(764,846)
Depreciation	-	(33,047)
Reserves realised on disposal	-	8,832,581
Other expenses	-	(302,075)
<i>Profit from discontinuing operations</i>	-	16,748,682

Notes to the Financial Statements

for the year ended 31 December 2011 (Continued)

Note 3 Segment Information

Primary reporting - Geographical segments

The consolidated entity currently operates in two geographical locations: Australia and Chile.

The consolidated entity reports its segment information to the Board of Directors on the same basis as its internal management reporting structure; which drives how the consolidated entity is organised and managed. The financial performance of segments is measured as operating profit before tax.

	<i>Half Year ended</i>					
	<i>Australia</i>		<i>Chile</i>		<i>Consolidated Entity</i>	
	<i>31 December 2011</i>	<i>31 December 2010</i>	<i>31 December 2011</i>	<i>31 December 2010</i>	<i>31 December 2011</i>	<i>31 December 2010</i>
	\$	\$	\$	\$	\$	\$
Revenue						
Revenue from continuing operations	309,562	4,309	-	-	309,562	4,309
Revenue from discontinuing operations	-	-	-	-	-	-
Total segment revenue	309,562	4,309	-	-	309,562	4,309
Result						
Total segment result	(657,762)	(1,211,575)	(148,208)	16,152,817	(805,970)	14,941,242
Operating loss before income tax	(657,762)	(1,211,575)	(148,208)	16,152,817	(805,970)	14,941,242
	<i>As at</i>					
	<i>31 December 2011</i>	<i>30 June 2011</i>	<i>31 December 2011</i>	<i>30 June 2011</i>	<i>31 December 2011</i>	<i>30 June 2011</i>
	\$	\$	\$	\$	\$	\$
Assets						
Segment assets	34,512,145	36,107,465	16,095,397	15,370,877	50,607,542	51,478,342
Liabilities						
Segment liabilities	77,145	158,414	226,113	205,180	303,258	363,594
SEGMENT NET ASSETS	34,435,000	35,949,051	15,869,284	15,165,697	50,304,284	51,114,748

Appendix

JORC Compliant Mineral Resources Statement by SRK Consulting (Chile) S.A.



SRK Consulting (Chile) S.A.
Av. Apoquindo 4001, Piso 7º
Las Condes - Santiago
Chile

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September 2, 2009
Let-591/09
06-2301-01

*Mineral Resources Statement for the Mariposa iron deposit,
III Region, Chile, SRK Consulting (Chile) S.A., September 2, 2009*

Table 1. Mineral Resource Statement* for the Mariposa iron project, Vallenar, III Region, Chile, SRK Consulting (Chile) S.A., September 2, 2009.

Resource Classification	Tonnage (Kilotonnes)	Iron Grade (Percentage)
Measured	-	-
Indicated	70,289	18.7
Total Measured and Indicated	70,289	18.7
Inferred	98,119	17.4

* reported at a cut-off grade of 10% Fe.

Table 2. Iron Mineral Resources by cut-off grade for the Mariposa iron deposit.

CUT-OFF GRADE	INDICATED		INFERRED		TOTAL	
	TONNAGE Kilotonne	FE %	TONNAGE Kilotonne	FE %	TONNAGE Kilotonne	FE %
40	3,014	47.4	4,566	46.2	7,580	46.7
35	4,197	44.5	5,885	44.1	10,082	44.3
30	6,257	40.5	8,540	40.5	14,797	40.5
25	11,315	34.5	12,550	36.3	23,865	35.5
20	22,009	28.5	22,279	30.2	44,288	29.3
15	39,808	23.5	48,053	23.1	87,861	23.3
10	70,289	18.7	98,119	17.4	168,408	18.0
5	91,018	16.2	151,216	14.1	242,235	14.9
0	98,208	15.3	160,777	13.5	258,985	14.2
TOTAL	98,208	15.3	160,777	13.5	258,985	14.2

Appendix (Continued)

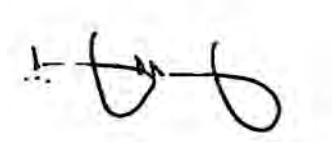
COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration Results and Mineral Resources of the Mariposa iron deposit, is based on information compiled by George G. Even, Principal Geologist of SRK Consulting in Santiago, Chile.

Mr Even, a Qualified Person for JORC compliant statements, reviewed the technical information presented in this document.

Mr Ernesto Jaramillo, Principal Resource Geologist with SRK Santiago, performed the resource estimation.

Mr Even has sufficient experience that is relevant to the style of mineralisation and type of mineral deposit under consideration and to the activity which was undertaken, to make the statements found in this report in the form and context in which they appear.



Ernesto Jaramillo
Principal Resource Geologist
SRK Consulting, Chile



George G. Even
MAIG, MAusIMM
Principal Geologist
SRK Consulting, Chile

Corporate Details

Admiralty Resources NL

ABN: 74 010 195 972

Directors:

Professor J. Ross Harper
Stephen C. Prior
Michael S. Perry
Dr. Shaoqing Li

Company Secretary:

Patrick Rossi

Registered Office:

Level 16, 379 Collins Street
Melbourne VIC 3000 Australia
Tel + 61 3 9620 7144
Fax + 61 3 8677 6949

Principal Place of Business:

Level 16, 379 Collins Street
Melbourne VIC 3000 Australia
Tel + 61 3 9620 7144
Fax + 61 3 8677 6949

Securities Quoted:

Australian Securities Exchange Ltd (ASX)
Code: ADY (shares)
American Depositary Receipt Program (ADR)
Code: ARYRY (OTCBB)

Share Registry:

Boardroom Limited
Level 7, 207 Kent Street
Sydney NSW 2000 Australia

Website:

www.ady.com.au

Auditors:

PKF Chartered Accountants
Level 14, 140 William Street
Melbourne VIC 3000 Australia

Bankers:

Westpac Banking Corporation
447 Bourke Street
Melbourne VIC 3000 Australia

Citi
2 Park Street
Sydney NSW 2000, Australia

Lawyers:

Australia
Hall & Wilcox
Level 30, 600 Bourke Street
Melbourne VIC 3000 Australia

Chile
Noguera, Larraín & Dulanto Abogados
El Golf 40, Piso 11, Las Condes
Santiago, Chile

Admiralty Resources Group Structure

Admiralty Resources NL (ACN 010 195 972) has the following subsidiaries / branches:

- *Admiralty Minerals Chile Pty Ltd*
- *Admiralty Minerals Chile Pty Ltd Agencia en Chile*
(Chilean branch of Admiralty Minerals Chile Pty Ltd, which owns the mineral concessions in Chile)
- *Bulman Resources Pty Ltd*
(which explores in the Northern Territory)
- *Pyke Hill Resources Pty Ltd*
(which has a 50% joint ownership of the Pyke Hill Project in Western Australia)
- *ADY Investments Pty Ltd* (currently inactive)
- *Fortune Global Holdings Corporation*
(currently inactive)
(It owned 60% of SCM Vallenar Iron Company up to 16 November 2010, when it disposed of the asset via the sale to Australis Mining Ltd)
- *Servicios Admiralty Minerals Chile Limitada (formerly Inversiones Admiralty Resources Chile Limitada)*
(currently inactive)
(It owned 40% of SCM Vallenar Iron Company up to 16 November 2010, when it disposed of the asset via the sale to Australis Mining Ltd)

ADMIRALTY RESOURCES NL

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