

Activities Report for the quarter ended 31 March 2012

Admiralty Resources NL (ASX: ADY)

Issued capital

606,518,966 shares (as of 31 March 2012)

606,518,966 shares (current)

Top 20 shareholders : 59.02% (as of 31 March 2012)

Top 20 shareholders : 59.80% (current)

Directors' holdings: 13.27% (as of 31 March 2012)

Directors' holdings: 13.27% (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

Chile. The multi-target exploration strategy progressed as follows:

- **Harper South district – Diamond drilling in Mariposa and La Chulula iron targets**

A 3,000 metres diamond drilling campaign was completed on 5 February 2012. The campaign is part of the detailed mine engineering study to produce 1 million tonnes of finished product out of the Mariposa target.

A 600 metres test hole was drilled in La Chulula following the positive high susceptibility magnetic results of the high resolution ground magnetic survey carried out in 2011.

- **Harper South district – All 6 targets**

A high resolution ground magnetic survey consisting of 213 lines and covering 286.95 km was conducted in February. The areas covered are extensions to the same type of survey performed in September 2011.

- **Pampa Tololo district**

Simpson, one the three identified targets within the Pampa Tololo district, has been selected as the maiden target to perform a 3,150 metres reverse circulation drilling programme, to commence in the current quarter (subject to equipment/contractor availability).

Australia. The interpretation results of an airborne electro-magnetic survey performed over EL 23814 in August 2011 delivered 3 main and 6 secondary exploration targets in the lead and zinc project in Bulman, Northern Territory.

Corporate

- Admiralty remained debt free and had \$2,098,000 cash on hand at the end of the quarter (previous quarter: \$3,211,000); and
- An 1-for-5 pro-rata non-renounceable rights offer ("Rights Offer") at an issue price of \$0.045 per share was announced on 21 March 2012. The Rights Offer will result in a maximum increase in issued capital of 121,303,793 shares to raise a maximum of \$5,458,670.



ADMIRALTY RESOURCES

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

During the quarter, management and the exploration team have focussed on fine tuning a development strategy that will assist Admiralty in being able to produce efficiently high grade finished product of an average of 63% Fe from high, medium and low grade ores using a dry magnetic separation process. To this extent, the following activities have taken place:

1. Confirmation of the sort of mineralisation found in AMC’s concessions:

- **Magnetite based**, which can be divided in three subtypes: massive magnetite (with high magnetite content, over 50% Fe), vetillas/veins (with moderate magnetite content, between 30-50% Fe) and disseminated magnetite (with low magnetite content, between 10-30% Fe).

The eastern mineral concessions of the Harper South district (Mariposa, La Chulula, Negrita and Soberana) show this sort of mineralisation, as does the Pampa Tololo district.

- **IOCG based**. IOCG stands for iron oxide, copper and gold and it is a type of mineralisation very common in the Chilean iron belt. The western mineral concessions of the Harper South district (Mal Pelo and La Vaca) and the Leo Sur district exhibit this sort of mineralisation.

2. Devise a methodical 2-phase exploration strategy for undrilled deposits: a first phase of 6,000 metres of reverse circulation divided in two campaigns in order to produce a resource statement. Provided drilling results are satisfactory, this phase will be followed by a second phase of 4,000 metres of diamond drilling and a geological model in order to produce a reserve statement.

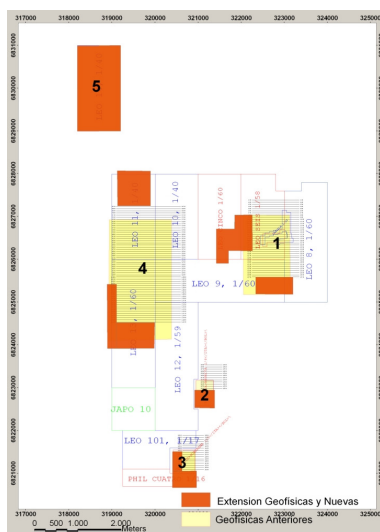
3. Prioritisation of drilling programmes in targets where no previous drilling has occurred. The strategy is based on the exploration data available, the degree of magnetic susceptibility detected by the high resolution ground magnetic surveys and the deposit type. In order to diversify the exploration areas, management and the exploration team are advancing both districts, Harper South and Pampa Tololo, simultaneously. As such, the drilling targets for the current year are set as follows: Simpson, La Chulula and Soberana.

4. Continuous improvement and cost control: purchase of a dwelling in Vallenar to minimise accommodation expenses, improvements in the campsite and internal roads and acquisition of equipment to improve and support the sample room and exploration camp.

Harper South District

All targets

High resolution
ground magnetic surveys



Areas subject to high resolution ground magnetic survey:
2011 phase in yellow and 2012 phase in orange.

During the quarter, Quantec Geoscience Chile Ltda. (“Quantec”), on behalf of AMC, undertook a second campaign of high resolution ground magnetic surveys over the most prospective areas of Harper South.

This phase II commenced on 9 February and it was completed on 6 March 2012. It consisted of 213 lines covering an area of 286.95 km and were performed using at least two synchronised magnetometers of identical type, one in a fixed position and another mobile.

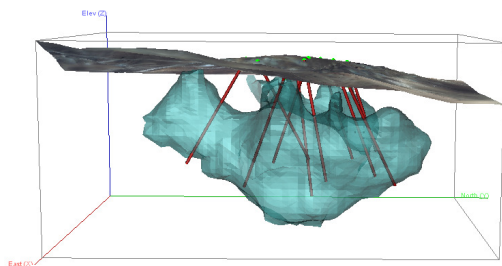
The surveys focused on six primary targets identified: Mariposa, La Chulula, Soberana, Negrita, Mal Pelo and La Vaca. These surveys are supplementary to the same type surveys carried out by Quantec in September 2011 and it mostly covered areas to the North and West of Mariposa, the east of Negrita and Soberana, Mal Pelo and La Vaca.

The objective of these surveys is to improve the definition and the extension of the magnetic field signatures related mineralisation and structure in order to assist in defining exploration targets of interest within Harper South.

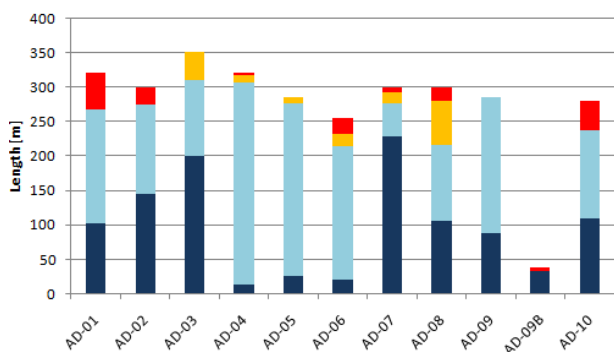
Independent 3D inversion reports for all targets, including a reviewed report for Mariposa and La Chulula, will be received during the quarter.

Mariposa iron target

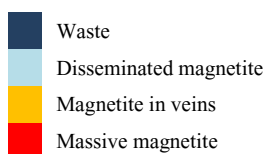
Diamond drilling campaign



3D view of topography, magnetic susceptibility (0.7 SI) and current diamond drilling campaign.



The above graph shows the length of massive magnetite, magnetite in veins, disseminated magnetite and waste encountered in each of the holes drilled during the diamond drilling campaign.



The diamond drilling (“DD”) campaign commenced on 19 November 2011 and it was completed on 5 February 2012. It consisted of 3,000m subdivided within 10 drill holes, with a depth distribution between 255m to 350m and a diameter of 2.5 inches (HQ diameter). The DD was conducted by Superex S.A. and it is part of the mine engineering study Redco Mining Engineers (“Redco”) are undertaking on Mariposa.

The DD campaign, designed by Redco, was 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.

Redco had the following objectives when designing the campaign:

- 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 1960s perpendicularly; and
- to drill along mined out area projections to confirm the extension of the ore body.

Initial assessment identifies the Mariposa ore body as a magnetite-apatite deposit type, characterised by irregular magnetite masses hosted in volcanic rocks and in contact zones with intrusive iron ore bodies. Other deposits similar to this are Cerro Negro Norte, Algarrobo and Los Colorados, owned and operated by Chile’s largest iron ore producer, CMP.

The consolidated quick log results show the following categories: waste, disseminated magnetite, magnetite in veins and massive magnetite (see graph on the left).

Following the completion of the drilling campaign, the following activities have been undertaken:

- Marking of the rock types traces;
- Core cutting for sampling and storage;
- Construction of geological mapping;
- Selection of geotechnical and density samples; and
- Selection of mineralogical and chemical samples.

The laboratory testing is currently being performed in Chile and some samples have been sent to Brazil and China for testing. Results from the Chilean laboratories are expected by mid May.

Goldberg Resources, Admiralty’s consulting geologists, are performing the geological mapping of the core samples. Mapping for AD-01 to AD-06 drilling holes have been completed and it is expected the full mapping will be available by mid May. The geological mapping database will be a vital tool to construct the geological model, which is an essential step in order to produce a reserve statement.

Mariposa Project

Mine engineering study

AMC continued to progress the detailed mine engineering study for the Mariposa Project. Redco are preparing a robust engineering report which will support the financial requirements to develop the project able to produce an initial production of 1 million tonnes of finished product per annum at a 63% Fe grade. As previously announced, the key outcomes of the mine engineering study are:

- to provide a resource statement and upgrade the current mineral resources of 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 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 type of grinding that needs to take place during processing in order to liberate the main mineral of interest, according to the main parameters of the grain size.

To this end, the following activities have taken place during the quarter:

- Laboratory magnetic separation tests. The results will enable Redco to forecast accurately the concentration ratios, the concentrate grades and recoveries for the project;
- Preliminary plant layout, currently focussing on optical sorting and disposal of waste material out of the processing cycle; and
- Equipment sourcing. Redco are evaluating a proposal from PME S.A. (“PME”), a Chilean EPCM –engineering, procurement, construction and management- firm, able to supply a dry magnetic separation plant. PME has also advised they could act as a mining contractor operating on a fixed fee per tonne of finished product mined, processed and transported to port.

**La Chulula
iron target**

Exploratory drilling



Following the promising high-resolution ground magnetic survey results, AMC also prioritised further exploration at La Chulula.

Taking advantage of the drill rig working at Mariposa, a 600m deep hole was drilled at La Chulula between the 5th and the 19th of February 2012.

AMC will commission a reverse circulation drilling programme following some preliminary laboratory testing and optical review of the core samples, which indicates iron ore in the form of massive magnetite, vetillas/veins and disseminated magnetite. Quotes have been requested for a 7-hole drilling programme of 450 metres each, totalling 3,150 metres. Drilling is current scheduled for June 2012, subject to equipment/contractor availability.

Soberana Project

Early mine production



Exposed veins at Soberana.



Geographical location and infrastructure map in the proximities of Admiralty's geological districts.

Soberana was mined artisanally in the 1960s and field visits to Soberana in early 2012 showed exposed magnetite ore in two sub parallel veins of 7 to 10 metres each, configured in a single bench of about 15 to 17 metres high.

Following the promising results of the high resolution ground magnetic study carried out in 2011 and advice from Redco and Goldberg Resources, the Board commissioned Redco to perform a mine study to produce high grade magnetite content iron lump out of Soberana. The objectives of the mine study are:

- 1) Define a scope of work to achieve an early iron lump production while maximising the run of mine;
- 2) Minimise the capex involved in beneficiation while producing a commercially marketable product; and
- 3) Start a three month trial production, from August to October 2012 indicatively.

The mining concept on which Redco is working on is as follows:

- 1 day blasting per month;
- Minimal equipment required: a loader, two 18 tonnes truck and a driller;
- Plant feeding capacity of 20 tonnes per day; and
- Initial production of 15,000 tonnes per month with a view to ramp it up to 30,000 tonnes per month within one year and remain at that rate.

The Board believes the Soberana project can provide Admiralty with its first income stream from the Harper South district, taking advantage of the prime geographical location: 7 km from a main highway, 6 km from a railway line and 17 km from the township of Vallenar.

During the quarter, the following activities have been undertaken:

- Preliminary geology study: topography, rock types and rock composition analysis;
- Quotation for a truck drill to perform 600 metres of reverse circulation drilling distributed in 4 holes;
- Extraction of samples for drilling and blasting and sending samples to chemical and mineralogical laboratories for testing;
- Forwarding samples to China for testing of dry magnetic separation;
- Contact has been made with equipment suppliers from Chile, Argentina and China;
- Preliminary mining operations contracts have been obtained from 6 mining contractors; and
- Draft of an Environmental Impact Statement, to be presented to the Chilean environmental government body for approval of the operations.

It is expected further work on the mine design, mine production and design and layout of the conceptual plant takes place in May and June, with a view to test production in August.

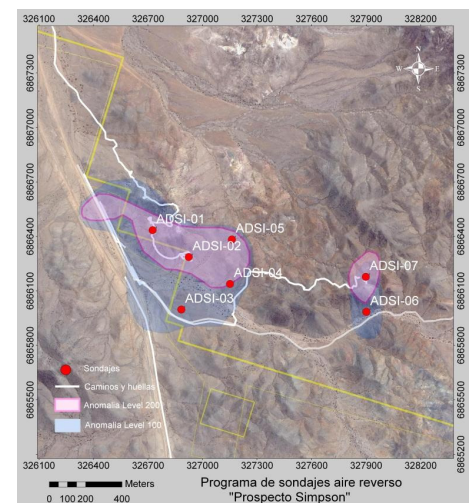
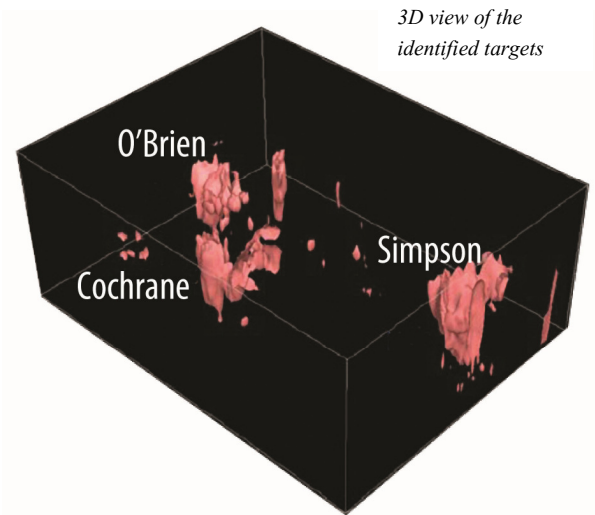
Pampa Tololo District

AMC completed a ground magnetic survey over the Pampa Tololo concessions, which cover 3,455 hectares and are located north of Vallenar, Chile. The results and 3-D inversion of the survey revealed 3 distinct iron targets, named Cochrane, O'Brien and Simpson, with Simpson being the most important target in relation to size and susceptibility: 800m in diameter, located at a depth of 200-250m and exhibiting magnetic susceptibility of about 0.5 S.I. units.

In line with the Company's decision to prioritise exploration at the Pampa Tololo concessions, AMC will conduct a reverse circulation drilling programme at Simpson. AMC is currently gathering quotes and the drilling programme specifications are as follows:

- Proposed date of execution: June 2012
- Proposed number of metres drilled: 3,150m (7 holes of 450m each)
- Proposed maximum depth: 500m
- Proposed diameter of drill holes: 5 3/4" and 5 3/8"
- Proposed inclination: 50-60 degrees
- Proposed operation: 2 shifts of 12 hours each, manned by one operator, two assistants and one supervisor, with reports to be submitted by the end of each shift.

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



Leo Sur District

The Leo Sur District covers 647 hectares and makes up 10% of Admiralty's mineral tenure in Chile. It is located 35km to the South of the township of Vallenar and 8 km from El Algarrobo, an iron ore mine owned by CMP and which supplies iron ore pre-concentrates to CMP's iron pellet plant in the port of Huasco.

During the quarter, Quantec performed a high resolution magnetic survey over the area. This is the very first exploration work that has been done on the concessions since they have been owned by Admiralty and our exploration team views it as a very exciting project, of the IOCG type, and with large iron outcrops.

The survey has returned three anomalies. A 3D inversion of the results has been commissioned and it is expected to be released during the quarter.

Further exploration in Leo Sur will be carried out by a new exploration team, specialised in IOCG mineralisation. This team, currently being assembled by our external geologists, are to do gravimetry, trenches and sampling of iron copper and gold. The first targets for exploration are expected to be Mal Pelo and La Vaca in the Harper South district, followed by Leo Sur.

Bulman Resources Pty Ltd (“Bulman”), Northern Territory

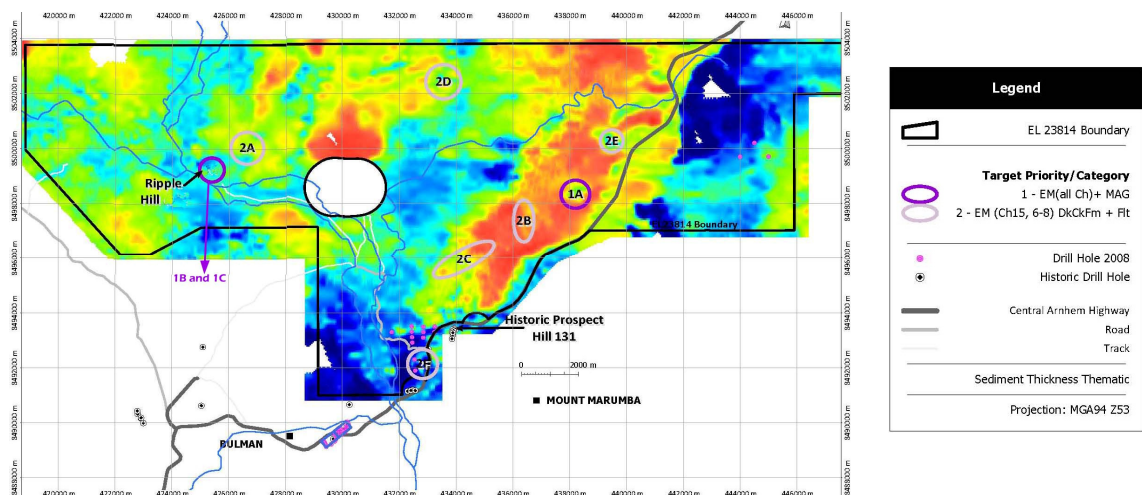
- **Airborne electromagnetic (“AEM”) survey.** The results of the interpretation of the airborne electromagnetic magnetic survey delivered 3 main and 6 secondary exploration targets.

The AEM survey was performed over EL 23814 in August 2011 by Fugro Airborne Surveys Pty Ltd (“Fugro”) to detect the presence of buried stratiform lead and zinc mineralisation. The survey was performed with a TEMPEST™ electromagnetic system and the results were modelled by Fugro and interpreted by Bulman’s independent geological consultants, Geos Mining.

The survey interpretation highlighted areas of thick sedimentary sequence and deep dolerite contact of up to 178 metres in the region just east from the central area and again thick sedimentary sequence in the central north area of the tenement.

The map below shows a summary of the Geos Mining’s interpretations as follows:

1. **3 main targets: 1A, 1B, 1C.** A combined EM and magnetic anomaly (1A) in the central east portion of the tenement and the area of the Ripple Hill geochemistry anomaly (1B) and immediate surrounds (1C). These targets require a focused geological investigation and possible ground geophysics work to define drill targets.



2. **6 secondary targets: 2A, 2B, 2C, 2D, 2E and 2F.** These targets are considered to have potential for shallow limited extent mineralisation of a general low grade nature with poddy high grade zones. As such, further geological investigation, ground geological exploration and possibly some specifically focused shallow drilling is required to confirm the interpretation.
- **New exploration licences.** Geos Mining has continued work on the two new exploration licences applied for in November 2011 with the Northern Land Council.

The two explorations licences applied for surround the current exploration licences held and would complement and extend the project exploration area.

Pyke Hill Resources Pty Ltd (“Pyke Hill”), Western Australia

No activity has taken place during the quarter other than ongoing discussions with Cougar Metals NL, the tenant in respect to mineral rights.

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 of 800,000 tonnes in 2013 and continue to solicit finance arrangements to develop the Harper North project.

Pursuant to its agreement with Australis, Admiralty is entitled to receive a further US\$1,800,000 relating to the up-front consideration for the sale of VIC. Australis was due to make a payment of US\$1 million to Admiralty by 16 March 2012 as part of the Purchaser Assumed Debt contemplated in the Share Sale Agreement (“SSA”) entered into between Australis and Admiralty on 1 September 2010 and completed on 16 November 2010.

Australis didn’t make the payment citing concerns about the quantum of carried forward losses available to VIC, being different to that anticipated by Australis and claiming the matter had implications to the funding models they have been seeking to implement to commence iron ore production.

Admiralty and Australis agreed to a deferred payment plan in respect of the US\$1 million in 8 instalments with 7 monthly instalments of US\$100,000 and a final instalment of US\$300,000 which will be due on 16 October 2012. The first two instalments of US\$100,000 have been received, with the next instalment of US\$100,000 due on 16 May 2012.

Corporate

The Board of Admiralty Resources NL announced a 1-for-5 pro-rata non-renounceable rights offer (“Rights Offer”) at an issue price of \$0.045 per share on 21 March 2012. The Rights Offer price represented a 6.3% discount to the closing price of the Company’s shares on ASX of \$0.048 on Tuesday, 20 March 2012.

The Rights Offer was extended to all Australian and New Zealand shareholders recorded in the Company’s registry at 7:00pm AEDT on Friday, 30 March 2012. The Rights Offer will result in a maximum increase in issued capital of 121,303,793 shares to raise a maximum of \$5,458,670.

The Rights Offer is underwritten by Sino Investment & Holding Pty Ltd, a substantial holder in the Company with a relevant interest of 12.91% in Admiralty.

The purpose of the Rights Offer is to secure funding for Admiralty’s long-term growth strategy, aimed at defining a resource in the Company’s two main iron ore districts in Chile, Harper South and Pampa Tololo, advance the Mariposa and Soberana projects towards production and working capital.

The Rights Offer was scheduled to close at 5:00pm AEST on Tuesday, 24 April 2012; however, the closing date was extended by the Board of Admiralty to Tuesday, 1 May 2012 to accommodate shareholders that may have experienced delay in receiving the Rights Offer documents due to the Easter holiday period.

Current timetable and important dates*

Closing date for acceptances under the Rights Offer	5:00 pm AEST on Tuesday, 1 May 2012
Expected commencement of trading on a deferred settlement basis of New Shares on ASX	Wednesday, 2 May 2012
Shareholder holding statements dispatched and deferred settlement trading ends	Wednesday, 9 May 2012
Normal trading of New Shares commences	Thursday, 10 May 2012

* These dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act, the ASX Listing Rules and other applicable laws, to vary the dates of the Rights Offer.

Outline for next quarter

1. Exploration budget: \$1,000,000.
2. Work programme for the current quarter:
 - Receipt and assessment of the various reports of the extended high resolution magnetic surveys in Harper South;
 - Continue work on the mine engineering study for Mariposa, including reserve statement;
 - Progress early mine production study in Soberana;
 - Enter into contracts to execute reverse circulation drilling programme at Simpson and La Chulula; and
 - Devise exploration strategy for the Bulman project following a meeting with Traditional Owners.

Yours sincerely,



Stephen C. Prior
Managing Director
30 April 2012

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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