

Vallenar

Ruta 5

High Quality Iron from Magnetite in Chile

MARIPOSA

LA CHULULA

**By Stephen Prior,
Managing Director**



ADMIRALTY RESOURCES

Forward Looking Statements

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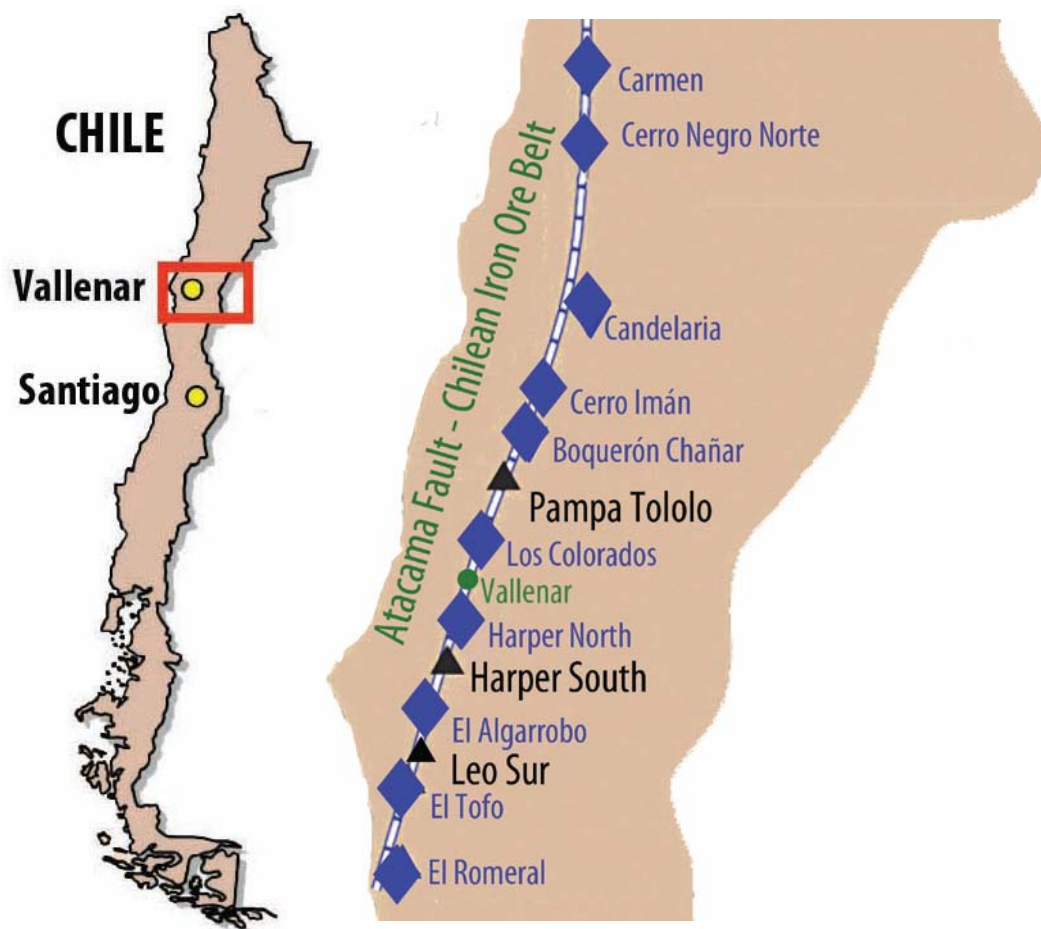
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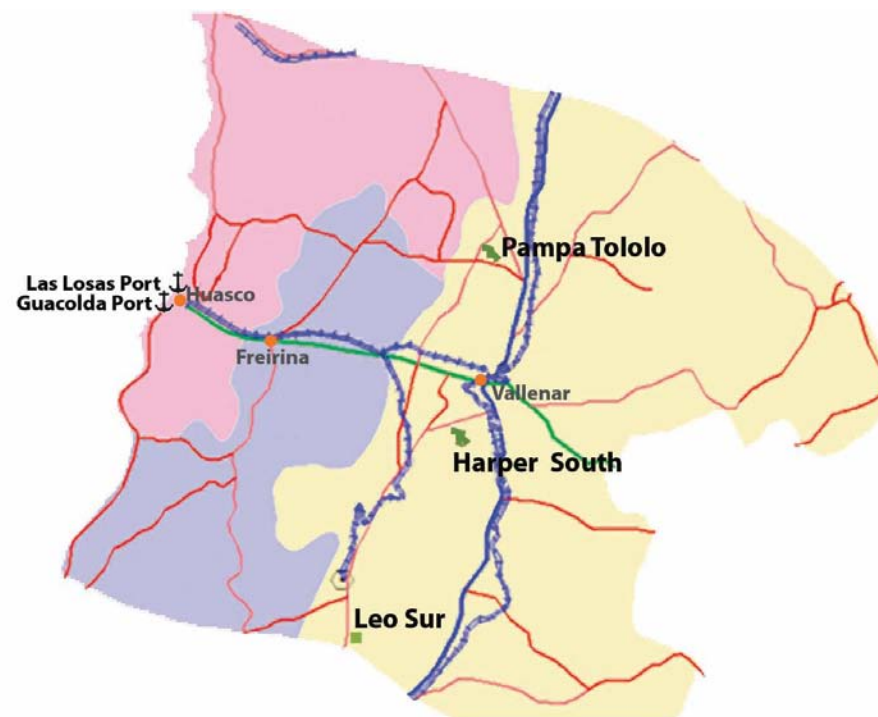
ADY is a junior exploration company and, as such, investment in ADY shares is considered speculative.



Project Location



- 6,800 Ha in the **Chilean iron belt** with internal roads network and no high mountain formations
- 46km from** the Guacolda and Las Losas **ports**
- 7km from the railway** line owned by Ferronor S.A. and **3km from** the Pan American **highway**, with direct access
- High voltage **power line**, owned by Transelec S.A., **traverses the concessions**
- 15-40km from the town of Vallenar, regularly serviced by air



Maps are not to scale.

Project Location



Distance from Vallenar by road

Las Losas Port	49 km
Guacolda Port	49 km
Castilla Port	135 km
Punta Caleta Port	200 km
Punta Totoralillo Port	300 km

Image obtained from Google Earth ©2012.

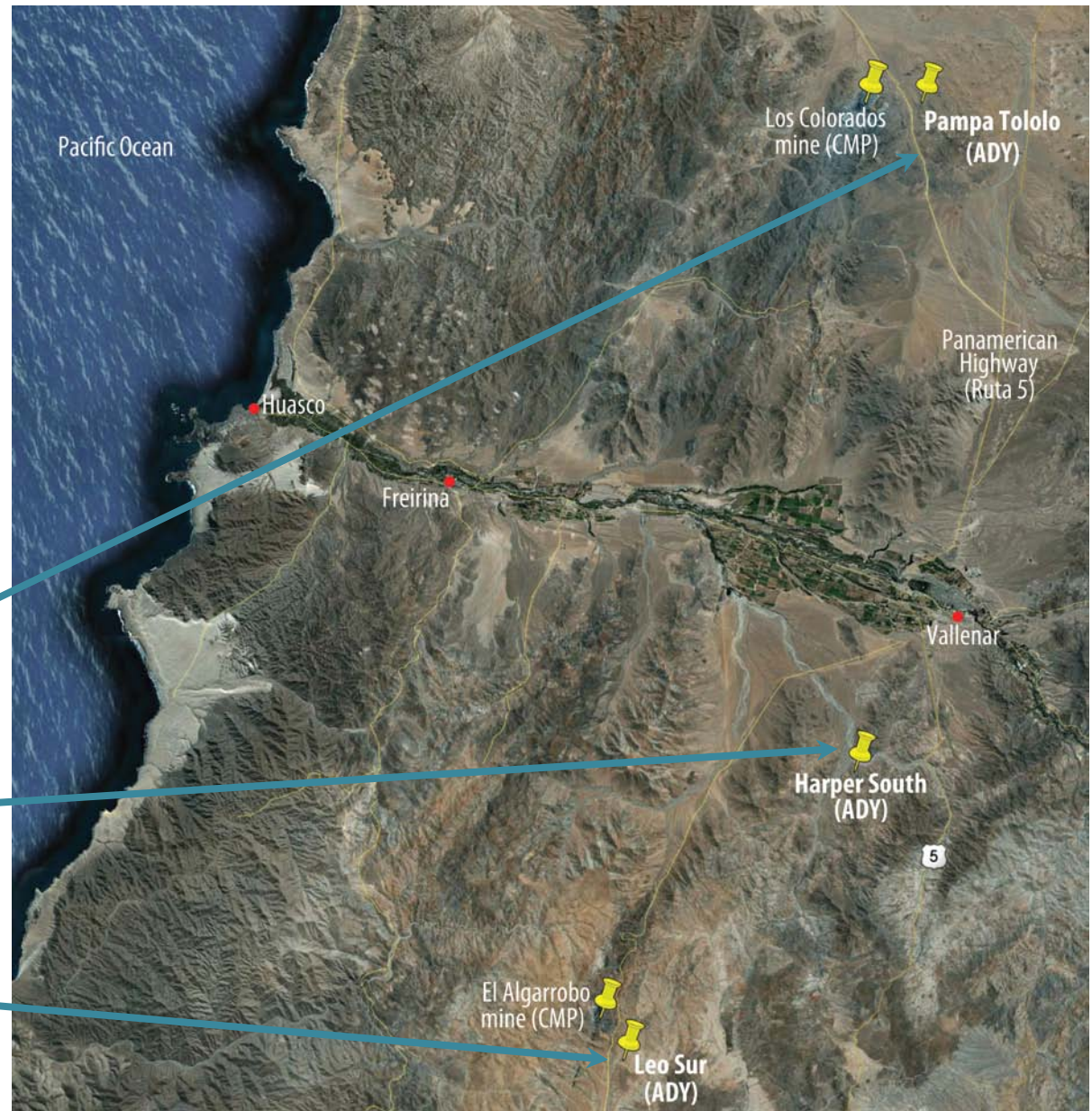
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Admiralty's Mineral Tenure

It covers 6,600 Ha and it is composed of the following groups:

- ❑ Pampa Tololo (3,455 Ha)
- ❑ Harper South (2,498 Ha)
- ❑ Leo Sur (647 Ha)



Strategy and Objectives

STRATEGY: Explore and develop our iron ore projects in Chile.

OBJECTIVE: Produce high quality iron from magnetite using dry magnetic separation.

In pursuit of this strategy, the Company's **immediate objectives** are to:

- continue structured and focussed exploration programmes targeting known anomalous targets at our three Chilean projects: Harper South, Pampa Tololo and Leo Sur;
- increase mineral resources and upgrade some of the existing resources to reserves; and
- get mine-ready for a production of 1.2 million tonnes of finished product out of the Mariposa and Soberana deposits.

The **medium to long term objectives** of the Company are to:

- pursue the discovery of economic mineralisation;
- seek project finance either by direct application or in joint ventures; and
- resume scalable and profitable iron ore production.



Iron Oxide – Magnetite versus Hematite

- ❑ Iron is the fourth most abundant element on the Earth's crust*
- ❑ Hematite and Magnetite are the most important iron minerals
- ❑ Hematite (Fe_2O_3) is an iron oxide containing 70% Fe and it is weathered iron, with commercially viable hematite deposits starting from 56% Fe
- ❑ Magnetite (Fe_3O_4) is also an iron oxide containing 72% Fe in its pure form; however, it generally occurs as low grade ore (25-40% Fe) compared to hematite ores
- ❑ Magnetite accounts for 50% of global iron ore production, with China and India being the top producers and consumers
- ❑ Processing is required to separate the magnetite from its host rock



**It takes about 1.5 tonnes of iron and 0.5 tonne of coke to produce a tonne of pig iron, the raw material that comes out of a blast furnace.*



Magnetite – An Advantage Edge

- ❑ Magnetite projects are capable of producing high grade concentrates up to 68-69% Fe, which:
 - have a higher Fe grade than many hematite iron deposits;
 - have lower impurities; and
 - attract a price premium on the market.
- ❑ Hematite iron is globally declining in availability and impurity levels are rising; and
- ❑ Demand for quality and premium steel is increasing in the developing economies, mainly China and India.
- ❑ **RESULT:**
 - High grade magnetite concentrate is becoming a sought after product for which buyers are prepared to pay a premium.
 - The price premium offsets the additional processing costs and the premium quality is a differentiation factor against hematite.
 - Increasing number of magnetite projects are being acquired by Chinese companies, due to the decrease supply of hematite projects in the world.



PROJECT 1 – Harper South District

- **7 targets** confirmed and 2 anomalies identified by high resolution ground magnetic survey
- 2 sorts of **mineralisation found** in the district: **magnetite style** in the east **and IOCG** (iron oxide, copper & gold) in the west with zones separated by ancient river
- Most advanced target: Mariposa
- Advancing targets: La Chulula and Soberana
- Early exploration targets: Negrita, La Vaca & Mal Pelo

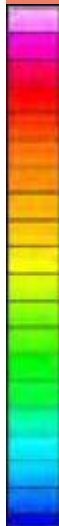
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Note: Map is not to scale.



High Resolution Ground Magnetic Surveys

nT scale



	Highest nT	Lowest nT
Mariposa La Chulula	±26780	±23480
Negrita	±26730	±22558
Soberana/ Media Soberana	±27379	±22628
La Vaca/ Mal Pelo	±25619	±23601

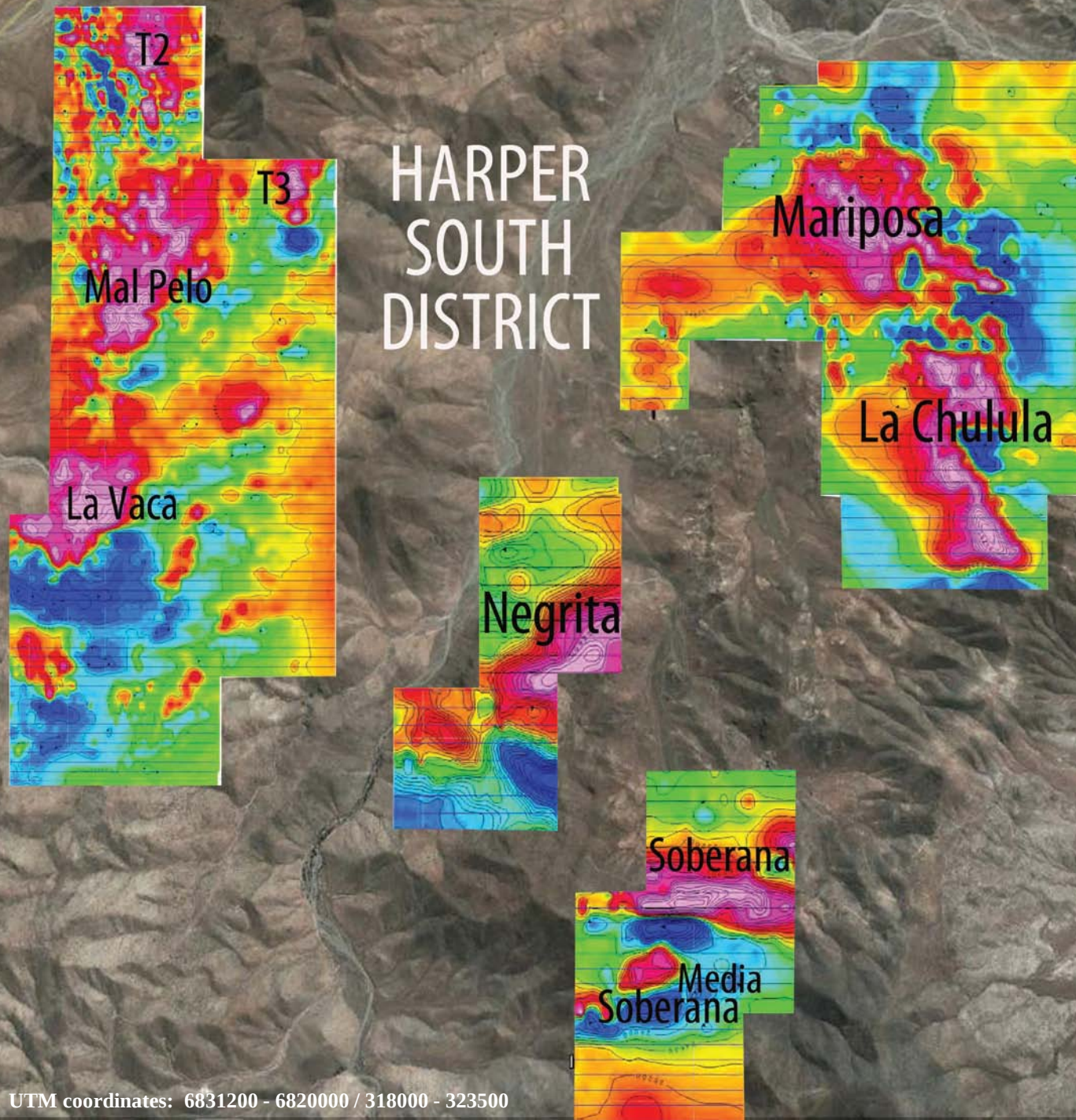


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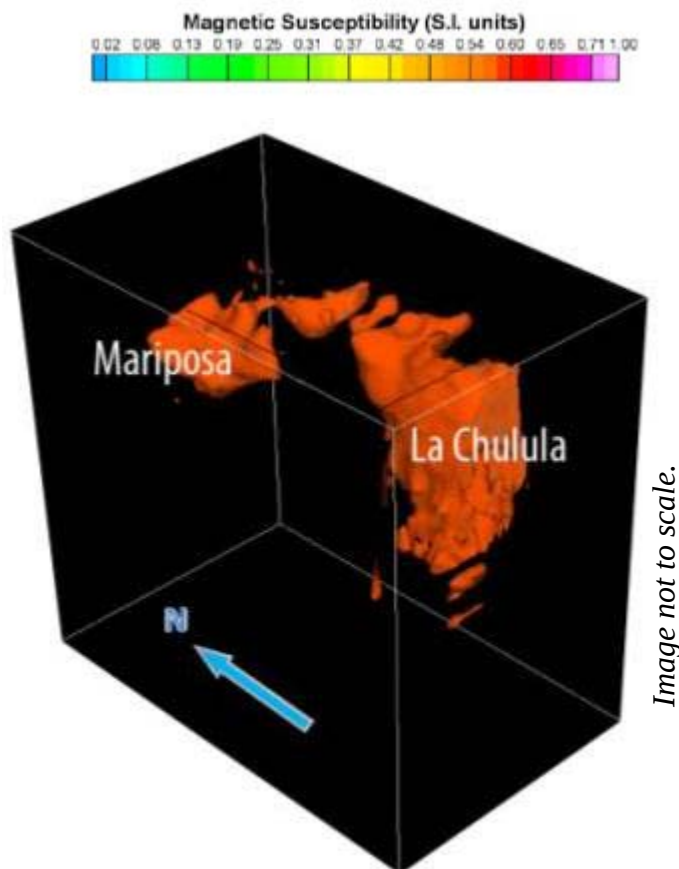
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UTM coordinates: 6831200 - 6820000 / 318000 - 323500

Mariposa

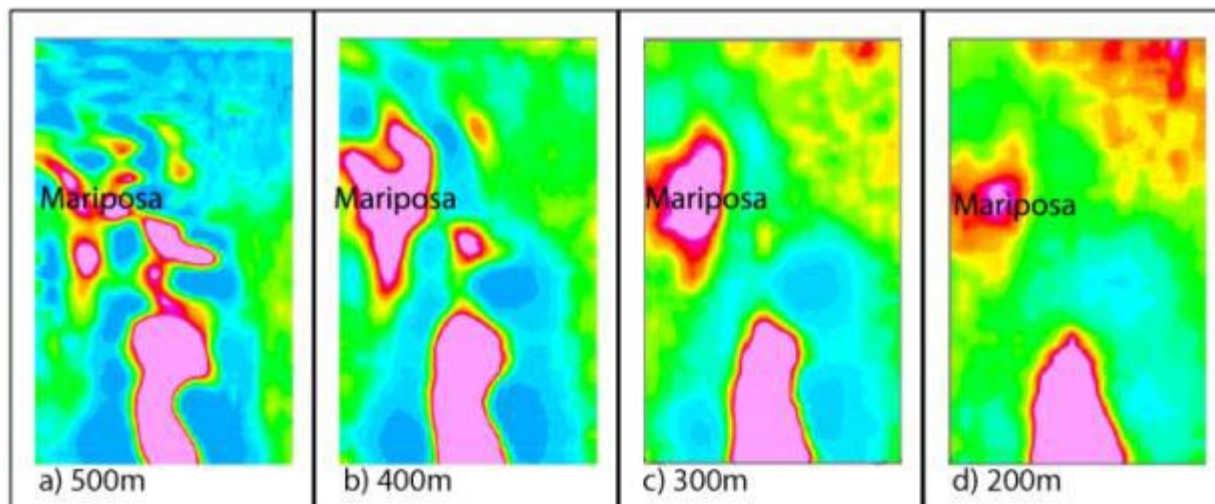
High Resolution Ground Magnetic Survey (*Harper South*)

3D view of the confirmed target



- Complex oval shape with two branches, steeply dipping in a western direction
- It has dimensions of 250 x 300m, located at a depth of less than 100m below the surface and clearly defined at between 300m-400m elevation
- Magnetic susceptibility ranging from 0.75 to 0.95 S.I. units

Depth slices of magnetic susceptibility



Survey factsheet: 37 lines of 1100 metres length (Mariposa & La Chulula), spaced at 50 m apart covering an area of 2 km², performed in August 2011 by Quantec Geoscience Ltd.



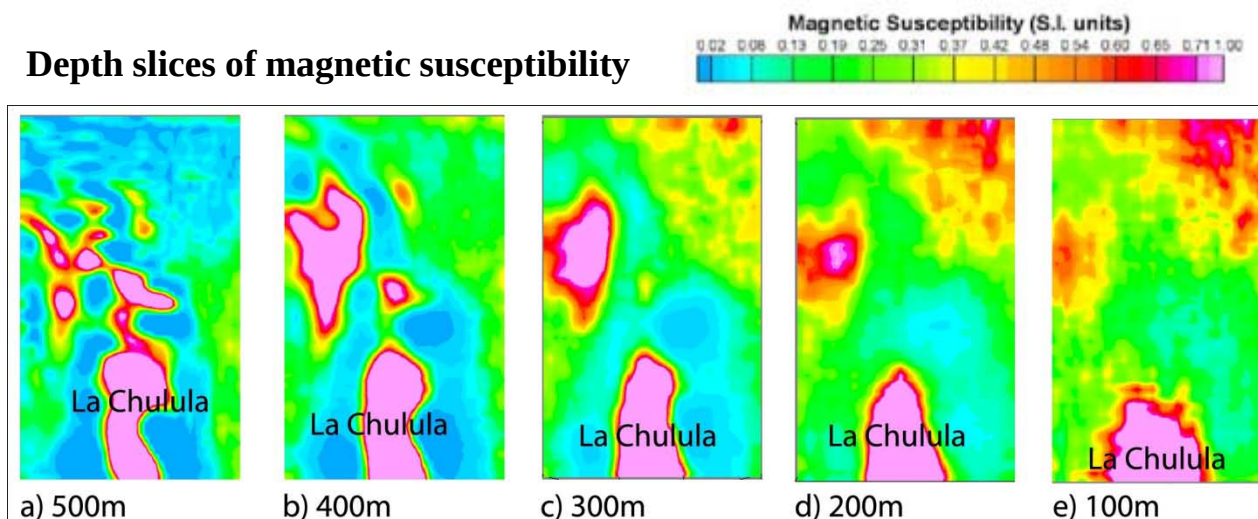
La Chulula

High Resolution Ground Magnetic Survey (*Harper South*)

This is the most important target in relation to size/susceptibility.

- A north/south vertical body, with dimensions of 250 x 750m, near the surface, with depths up to 700m and exhibiting magnetic susceptibility of over 0.9 S.I. units
- A diamond drilling test hole of 600m depth was performed in February 2012, providing very encouraging results. A 3,000m RC drilling programme is scheduled for June 2012

Depth slices of magnetic susceptibility



3D view of the confirmed target

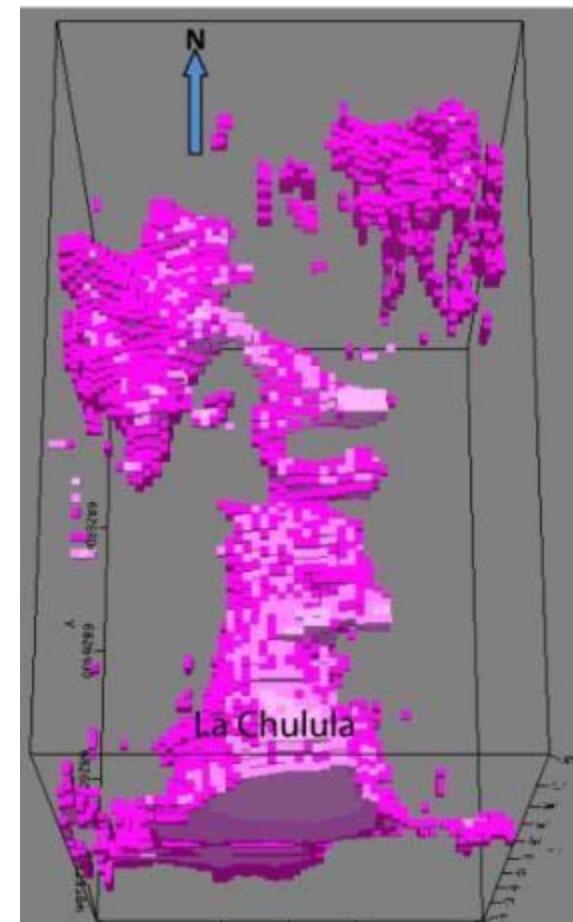


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Survey factsheet: 37 lines of 1100 metres length (Mariposa & La Chulula), spaced at 50 m apart covering an area of 2 km², performed in August 2011 by Quantec Geoscience Ltd.



Soberana

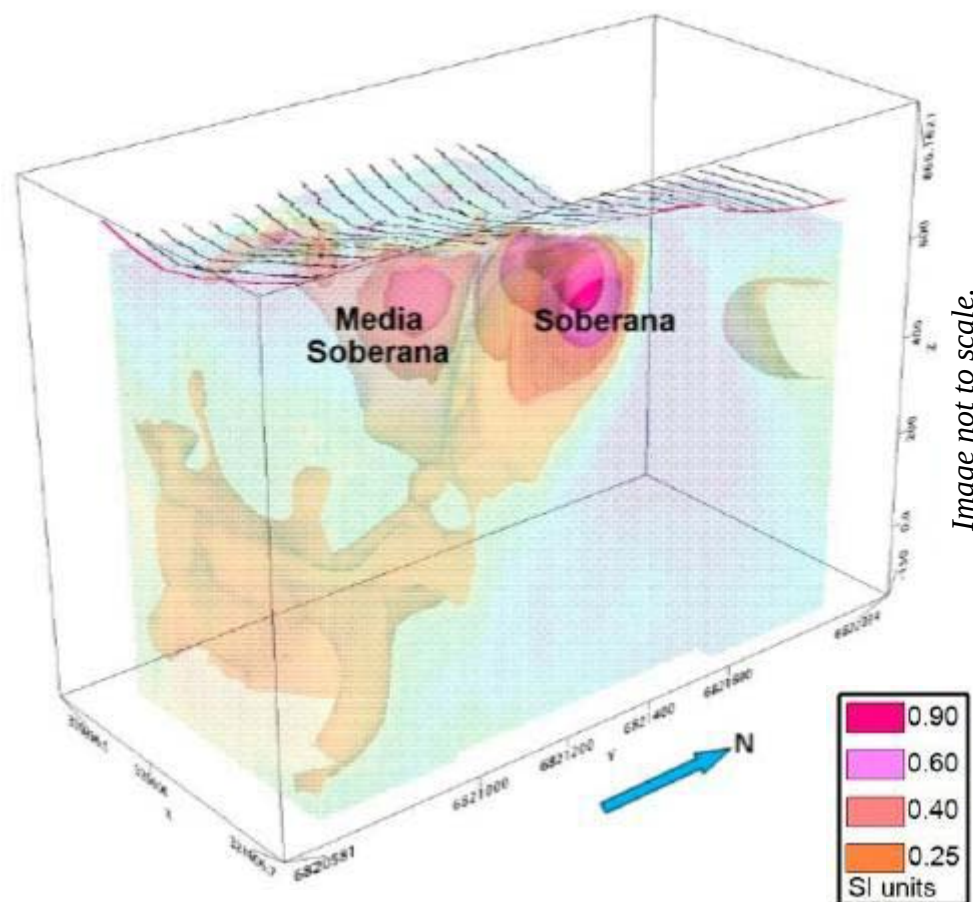
High Resolution Ground Magnetic Survey (*Harper South*)

- Target 1 – **Soberana** is an east-west elongated body with horizontal dimensions of 350 x 100 m, located near the surface, with depths up to 150m and exhibiting magnetic susceptibility of over 0.9 S.I. units
- Target 2 – **Media Soberana**, a spherical shaped body, smaller than Soberana, but with susceptibility values greater than 0.7 S.I

Both targets present consistent high susceptibility values, over 0.7 S.I. units, near the surface, at between 700 to 500 metres elevation.

An early mine production is currently being undertaken by Redco Mining Engineers.

3D view of the confirmed targets



Survey factsheet: 24 lines of 500m length, spaced at 50m apart covering an area of 0.70 km², performed in two phases in August 2011 and February/March 2012 by Quantec Geoscience Ltd.



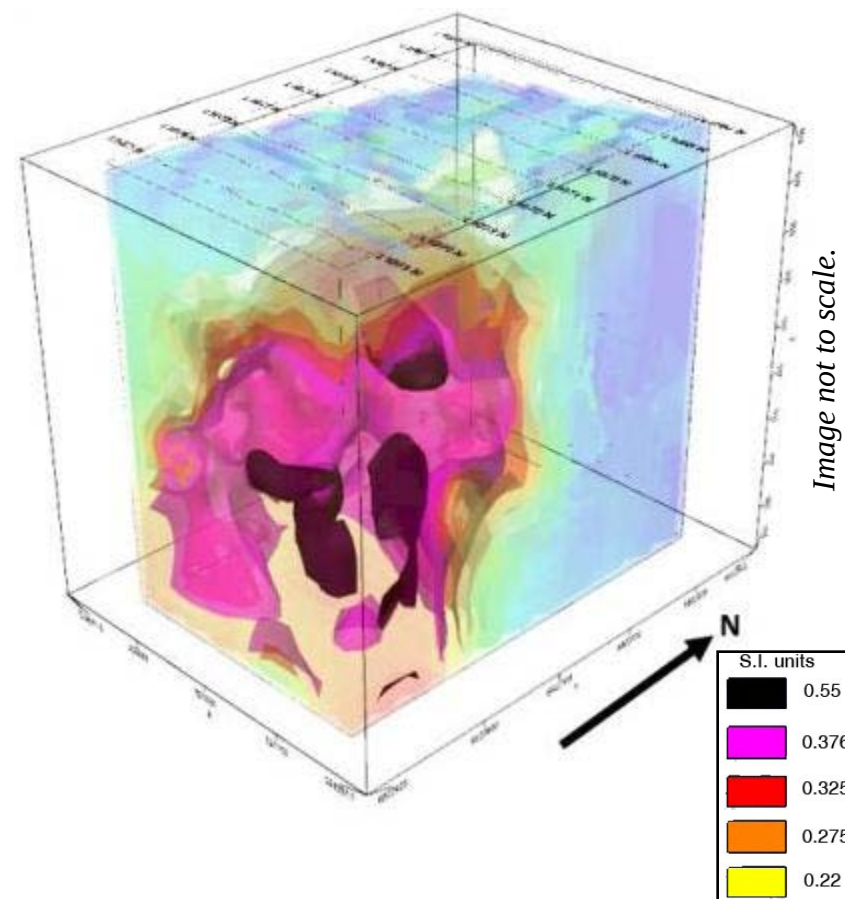
Negrita

High Resolution Ground Magnetic Survey *(Harper South)*

- Unique double magnetic field with susceptibilities values between 0.22 and 0.55 S.I. units resulting in a dumbbell shape target
- **Upper area** – an oval shape, running from the northwest to the southeast in the northern part of the grid and measuring approximately 75m x 50m x 100m at 490m elevation
- **Joining area** – this is a weaker zone of susceptibility that joins the Upper and Lower areas
- **Lower area**, another oval shape zone, located at the southern part of the grid measuring 50m x 25m x 50m at 200m elevation..

Our external geological consultants, Goldberg Resources, are satisfied with the results obtained and will review the results in order to schedule a reverse circulation drilling programme, likely to occur in 2013.

3D view of the confirmed target



Survey factsheet: 21 lines of between 400 and 460m length, spaced at 50m apart covering an area of 2.5km, performed in two phases in August 2011 and February/March 2012 by Quantec Geoscience Ltd.



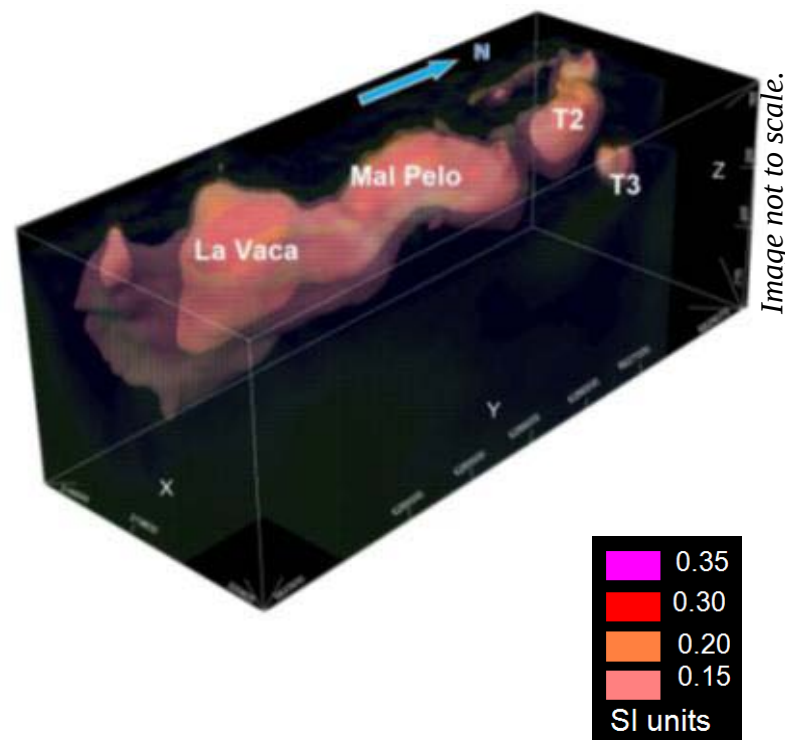
La Vaca & Mal Pelo

High Resolution Ground Magnetic Survey (*Harper South*)

This is the most important target in relation to size.

- Located on the west side of the Harper South District
- Different sort of mineralisation: IOCG vs magnetite style
- 2 targets confirmed (Mal Pelo and La Vaca) and 2 new anomalies identified (T2 & T3)
- Lower susceptibility values than in the east side of the district, but very consistent, from 0.15 to 0.35 S.I. units
- **La Vaca**, a north-east to south west trending deposit, depicting a major intrusive body, extending **600 m long x 400 m wide**, with a **depth** of more than **1,000m**
- **Mal Pelo**, an elongated deposit with north east / south west direction, with an extension of **1,200 m long x 600 m wide**, with a **depth** of more than **500 m**
- **T2 and T3**. T2 shows dimensions of 600m length x 400 wide and a depth of 400 m. T3 is limited in vertical and lateral extension but it is located very near the surface

3D view of the confirmed targets and anomalies



Survey factsheet: 83 lines of between 800 to 1,000m length, spaced at 50m apart covering an area of 1.5km x 4km, performed in two phases in August 2011 and February/March 2012 by Quantec Geoscience Ltd.





Harper South: Drilling and our path into production

Mariposa Mine Plan

Objectives

**Get mine ready for an initial production of 1.2 million tonnes
of finished product per annum**

- CAPEX required: US\$20 million
- OPEX required: US\$10 million*
- Life of mine: 20 years minimum
- Target production cost per tonne of US\$45 per tonne FOB

**It assumes subcontractor provides mining equipment performs mining operations and ore processing and transport.*

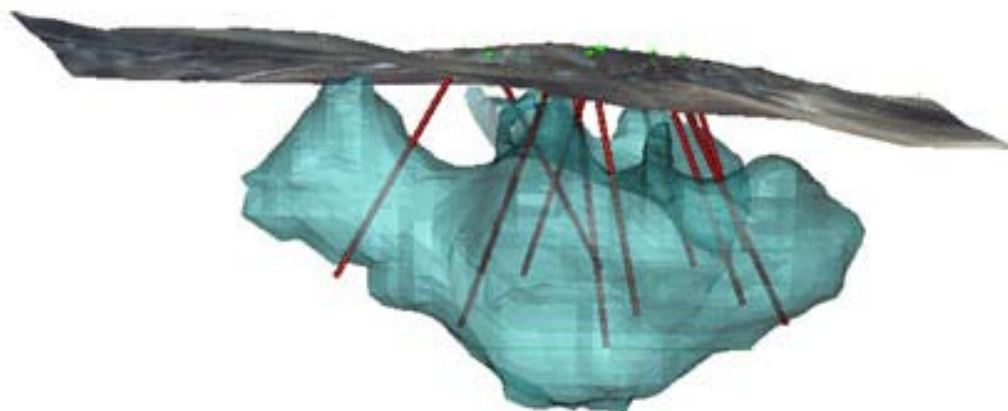


Mariposa Mine Plan

3,000m Diamond Drilling Campaign



Area extension:	12 hectares (120,000 m ²), about 200m in the East/West direction and 600m in the North/South direction.
Number of holes:	10 drill holes with a depth distribution between 255/320m and HQ diameter (63.5 mm) amounting to a total of 3,000m
Parallel activities undertaken:	• Topography study • Lithology study • Metallurgical, chemical and density testing • Construction of sample room and office camp

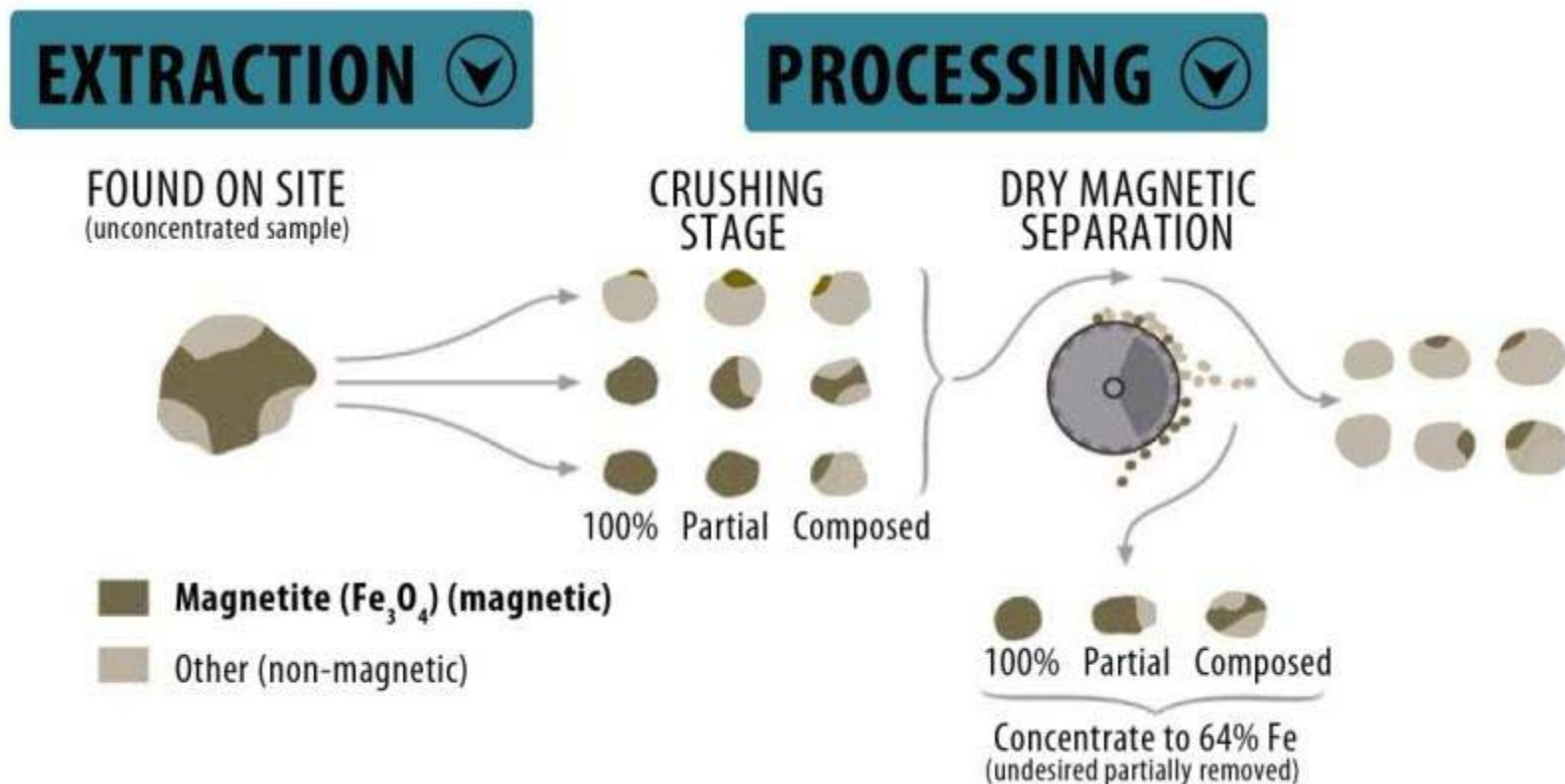


3D view of topography, magnetic susceptibility (0.7 (SI)) and current diamond drilling campaign holes.
Source: Redco Mining Engineers (Chile)



Mariposa Mine Plan

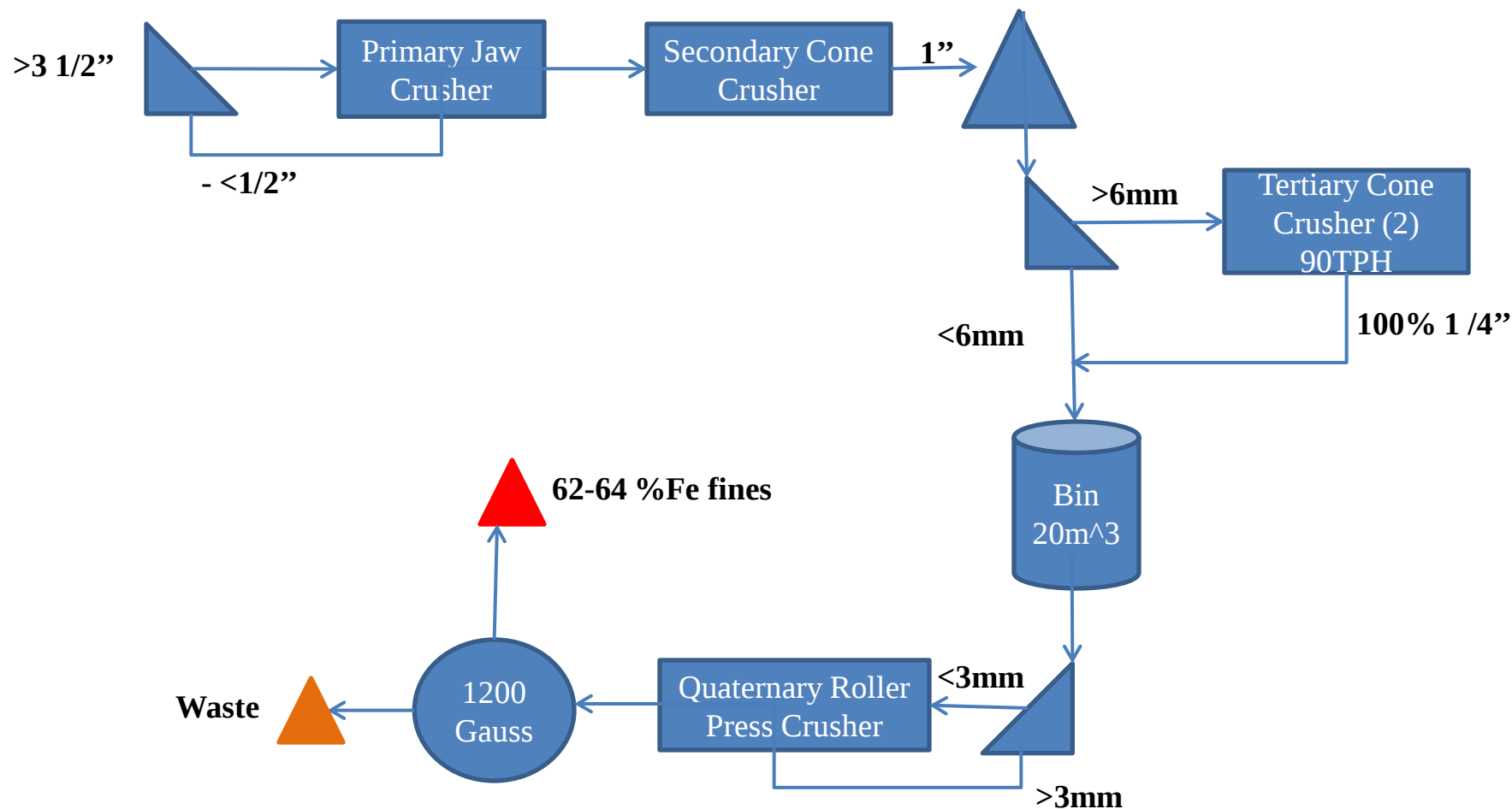
Conceptual Mine Design



Note 1: Crushing stage is defined by metallurgical and laboratory studies.

Note 2: Selection of gauss intensity and magnetic drum properties are based on laboratory studies.

Mariposa Mine Plan Conceptual Plant Design

REDCO


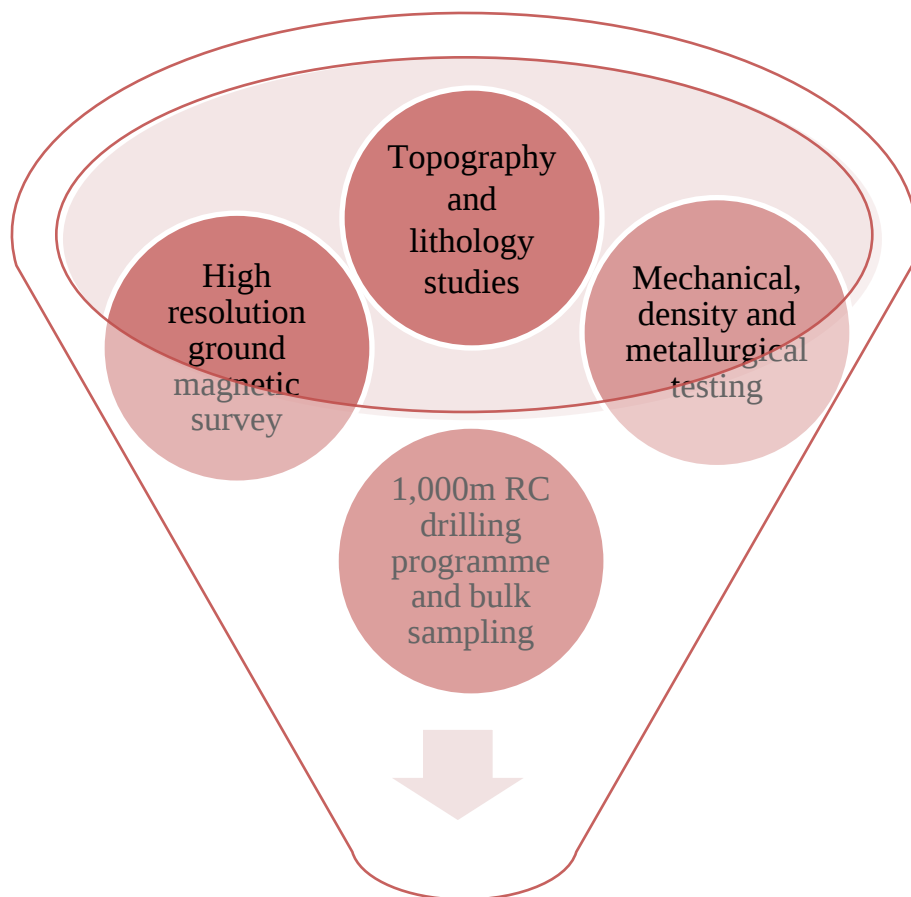
Soberana – Early Production Mine Plan

- Artisanally mined in the 1960s
- Exposed magnetite in parallel veins of 7-10m in length and 15-17m high
- Redco commissioned to undertake an early mine production study commissioned in March 2012
- **Mine plan concept:**
 - 1 day blasting per month
 - Minimal equipment required: a loader, 2 x 18 tonnes truck and a driller
 - Plant feeding capacity of 20 tonnes per day
 - Initial production of 15,000 tonnes of iron lump per month
 - Ramp up to 30,00 tonnes per month in a year and remain at that rate
- **OBJECTIVE:** Provide first income stream from Harper South taking advantage of a prime geographical location, strong iron demand & prices, with minimum capex and opex.



Exposed magnetite in Soberana

Soberana – Early Production Mine Plan



Early mine production study

Tasks performed:

- Obtained preliminary quotes from 6 mining contractors to sustain financially viable operations
- Contact has been made with equipment suppliers from Chile, Argentina & China

Pipeline:

- Continue work on mine design and production
- Advance the layout of the conceptual plant
- Create geological model with information from ground magnetics, drilling, topography and testing
- Prepare and submit an Environmental Impact Statement
- Start a 3-month iron lump production trial in September-November 2012



La Chulula

- Test drill hole of 600 metres deep completed in February 2012
- Visual estimation of results confirm the positive results of the high resolution ground magnetic survey and the numerous visible iron outcrops visible in the field
- A preliminary report states **three sorts of mineralisation** occur in the La Chulula target:
disseminated magnetite (10-15% Fe), **vetillas/veins** (20-30% Fe) and **massive magnetite** (50-60% Fe)
- Civil works for internal road improvement currently underway
- 3,000m RC drilling programme scheduled to start in June 2012



Division of the Mariposa and La Chulula iron targets



Iron outcrops at the La Chulula target (Dec 2011)



Depiction of access road to La Chulula and drilling angle of ADCH-01.



PROJECT 2 – Pampa Tololo

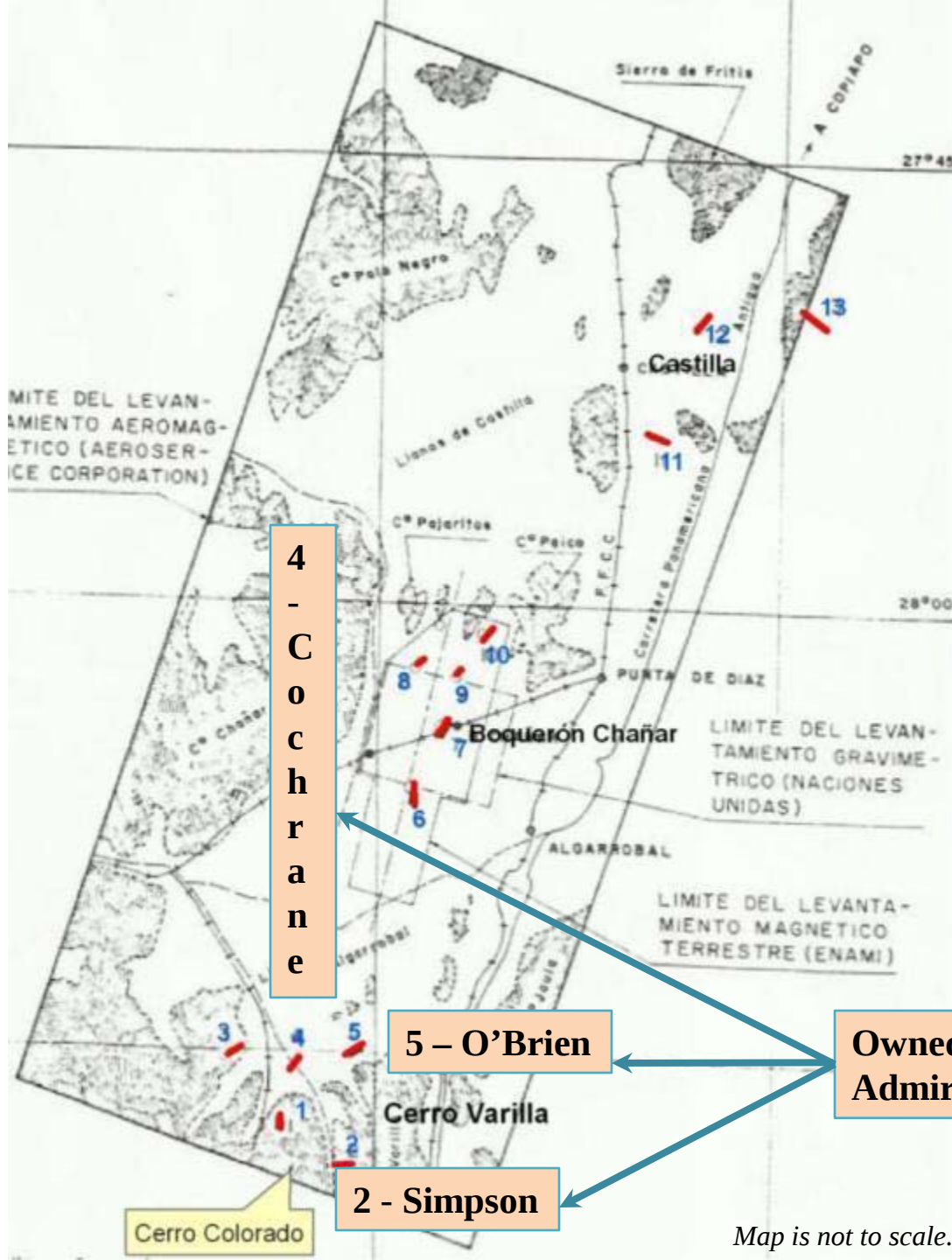


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Map is not to scale.



ADMIRALTY RESOURCES



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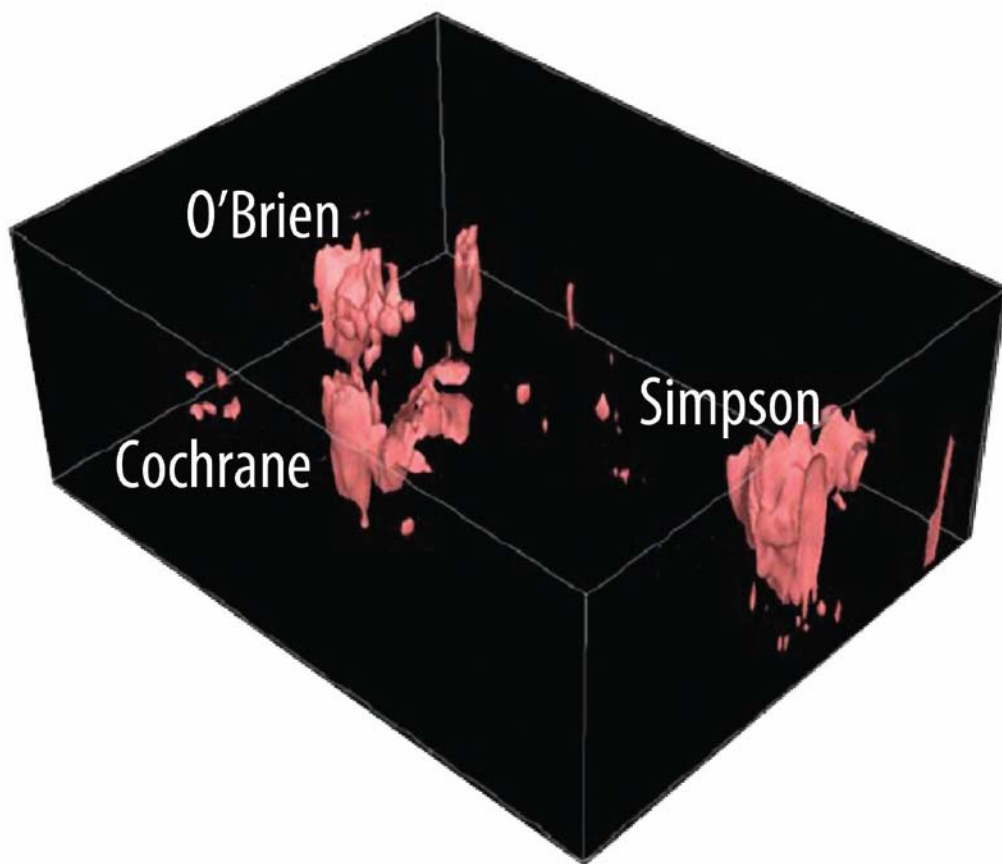
- Located 40 km north of Vallenar and it covers 3,455 Ha
- At 200 metres from Los Colorados mine, owned by CMP, the main iron ore producer in Chile
- **13 anomalies identified within the Atacama Fault (Chilean iron belt) in the 1960s United Nations Survey**
- Chile is the second producer of iron ore in Latin America, after Brazil, ranking 16th iron ore producer country in the U.S. Geological Survey



Pampa Tololo

High Resolution Ground Magnetic Survey

3D view of the identified targets



- **Simpson**

This is the most important target in relation to size/susceptibility.

An oblate spheroid shape of 800m in diameter, located at a depth of 200-250m and exhibiting magnetic susceptibility of about 0.5 S.I. units.

- **Cochrane**

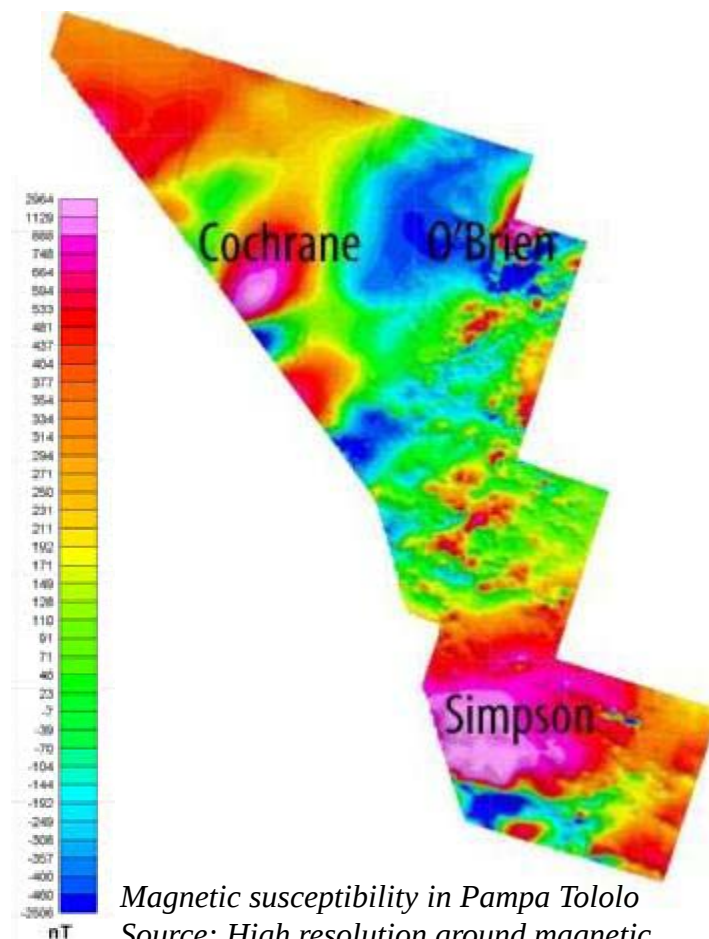
A more complex shape, elongating north/south up to 1000m, with a depth extension of 200-250m approximately.

- **O'Brien**

Showing an oblate sphere shape, with dimensions of 500 x 400 m, buried at depths between 200m and 300m.

Pampa Tololo – Deliveries

	ACTION	STATUS
1.	High resolution ground magnetic survey	COMPLETED BY Quantec Geoscience Ltd
2.	Reverse circulation drilling programme of approx. 3,150 metres for: • Simpson • Cochrane • O'Brien	Proposals received Programme in Simpson scheduled to commence in June 2012
3.	Construction of a sample room and office camp	IN PLANNING, permission required
4.	Application for surface rights	COMMENCED



Magnetic susceptibility in Pampa Tololo
Source: High resolution ground magnetic survey (August 2011).

Pampa Tololo

RC drilling programme at Simpson



Prospective drill hole locations at Simpson

Proposed drilling programme factsheet

- Date of execution: June 2012
- Number of metres to be drilled: 3,150m
- Number of holes: 7 holes of 450m each
- Maximum depth per drill hole: 500m
- Diameter of drill holes: 5 3/4" and 5 3/8"
- Inclination of drill hole: 50-60 degrees

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



PROJECT 3 – Leo Sur



Marking of Leo 105 concession.

- Three **exploitation** concessions: Leo 105, Leo 106 y Leo 107,

covering 647 hectares, 10% of Admiralty's mineral tenure, in the Huasco valley

- Located 8 km from El Algarrobo, iron ore mine owned by CMP
- El Algarrobo supplies preconcentrates to CMP's iron pellet plant in Huasco and 60% of CMP's production was extracted from the Huasco valley area



Leo Sur (Dec 2011).



Leo Sur

Leo Sur exhibits copper sulphate amuck, hematite in large lumps, quartz and kaolin and it shows as a classic IOCG (Iron Oxide Copper Gold) deposit, very common in the Chilean iron belt.



High resolution ground magnetic survey performed in February 2012 to define the large iron surface deposits. Results expected this quarter.

Iron rocks and outcrops in Leo Sur (Dec 2011).



Summary - Exploration Pipeline

PROJECT	TASK	ALLOCATED BUDGET	COMPLETION
Harper South	Extension of high resolution ground magnetic survey in Mariposa and La Chulula	\$60,000	Completed. Results expected this quarter.
Leo Sur	High resolution ground magnetic survey	\$40,000	Completed. Results expected this quarter.
Harper South - Mariposa	3,000 m diamond drilling campaign	\$900,000	Completed: February 2012 Results expected August 2012
Harper South - Mariposa	Mine engineering plan	\$600,000	Underway. Completion: 3 rd Quarter 2012
Harper South - Soberana	Early mine production study	\$300,000	Underway. Completion: 3 rd Quarter 2012
Harper South – 6 other targets	3,000 m reverse circulation drilling per target	\$1,750,000	1 st target (La Chulula) – June 2012 Other targets: 2013 & 2014
Pampa Tololo – 3 targets	3,150 m reverse circulation drilling per target	\$1,050,000	1 st target (Simpson) – Scheduled for June 2012 2 nd / 3 rd target – 2013



Mariposa – Mineral Resources

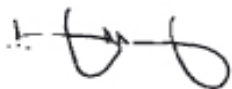
- It currently has a JORC compliant mineral resources statement of 168 million tonnes at a cut-off grade of 10% Fe
- It is expected the results of the diamond drilling programme undertaken in November 2011-February 2012 will result in an increased of resources and possible upgrade to reserves

	MEASURED RESOURCES	INFERRED RESOURCES	INDICATED RESOURCES	TOTAL RESOURCES	IRON GRADE
Mariposa	-	98.11 mt	70.28 mt	168.40 mt	18.0%

COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration Results and Mineral Resources of Mariposa iron deposit is based on information compiled by Mr. George G. Even, who is a Member of the Australasian Institute of Mining & Metallurgy. Mr. Ernesto Jaramillo, Principal Resource Geologist with SRK Consulting (Chile) S.A., performed the resource estimation which was reviewed by Mr. Even as a competent person.

Mr. Even is a full-time employee of SRK Consulting (Chile) S.A. Mr. Even, a Qualified Person for JORC compliant statements, reviewed the technical information presented in this document. 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 qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results and Mineral Resources'. Mr. Even consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



Ernesto Jaramillo
Principal Resource Geologist, SRK Consulting, Chile



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



Corporate Directory

BOARD OF DIRECTORS

Professor J. Ross Harper, Chairman

Stephen C. Prior, Managing Director

Michael S. Perry, Non-executive Director

Dr Shaoqing Li, Non-executive Director

Patrick Rossi, Company Secretary

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SHARES ON ISSUE: 727,822,759*

SHARES HELD BY THE TOP 20: 64.82%*

NUMBER OF SHAREHOLDERS: 8,796*

CURRENT SHARE PRICE: (AUD) 4.7c*

CURRENT MARKET CAP: (AUD)~\$34m*

STOCK LISTING

Australian Securities Exchange (ASX)
Trading symbol: ADY

Bank of New York Mellon
American Depositary
Receipt Programme (ADR)
Trading symbol: ARYRY (OTCBB)

*Information is correct as of 21 May 2012





Thank you for your attention
Questions

