ADMIRALTY RESOURCES

ASX ANNOUNCEMENT
Date: 6 May 2013

Admiralty Delivers Positive PFS for Mariposa Project

Highlights of the PFS

- Resource of 66.6Mt at an average of 35.6% total iron (FeT) using a cut-off grade of 25% FeT
- 12-year Life of Mine (LOM) estimated based on current resources
- 49.1% post-tax internal rate of return (IRR), a 2.25-year payback, $65.5 million capital investment (working and initial capital)
- Operational cost for final product CFR China ports - $89.10/tonne
- $211 million post-tax Net Present Value (NPV) at an 8% discount rate at long-term iron prices with an average of $141/tonne of final product at 62% FeT

Admiralty Resources NL ("Admiralty" or "the Company") (ASX: ADY) is pleased to announce the completion of a Pre-Feasibility Study ("PFS") for its Mariposa magnetite iron ore project in Chile.

The PFS was completed by Redco Mining Consultants ("REDCO") and confirms that the project is considered to be economically viable, technically feasible and environmentally sound.

The Mariposa deposit is located in the north of Chile in the 3rd (or Atacama) region, approximately 20km south of Vallenar. The project spans an area that extends about 1.2km east-west and 1.5km north-south. Mariposa is part of Admiralty's Harper South project portfolio. Harper South is one of three separate mineral concession areas being developed by Admiralty in Chile.

Figure 1: Location map showing Mariposa amongst Admiralty's other main projects location

Admiralty commissioned REDCO to independently prepare a pre-feasibility level study in which a mine design, process design and mine production schedule was computed in order to derive the technical feasibility of running an efficient mining operation of the Mariposa magnetite ore body. REDCO reviewed and integrated past technical studies undertaken by Goldberg Resources, Quantec Geoscience Chile Ltda., SRK Consulting S.A. and Admiralty as part of the PFS.

Using a cut-off grade of 25% for total iron (FeT), the resources at Mariposa are **66.6Mt with an average of 35.6% FeT**. The categorisation of these resources is: 27.8Mt with an average of 35.6% FeT of Measured resources, 2.9Mt at a 34.4% FeT average of Indicated resources and 35.9Mt at a 31.1% FeT average of Inferred resources.

The evaluation of the PFS yields a **49.1% post-tax internal rate of return** (IRR), **a 2.25-year payback**, a **$65.5 million capital investment** (working and initial capital), an operation cost for the final product of **$89.09/tonne** CFR China and a **$211 million post-tax Net Present Value (NPV)** at an 8% discount rate at World Bank forecasted long-term iron prices with an average of $141/tonne[1] of the final product at 62% FeT.

Changing the parameters to use a current prevailing iron ore price of $128.50/tonne CFR China, the project yields an IRR of 41.37%, a 2.5 year payback and a post-tax NPV of $148 million.

The Company considers that there is potential upside to the current PFS which may be improved following the results of further detailed metallurgical testing currently underway and the refining of the processing plant, resulting in lower feed grades, greater mineral resources available for processing and greater life of mine.

Admiralty Chairman Professor Ross Harper said: *"We are extremely pleased with the results of the Mariposa Pre-Feasibility Study. The study has highlighted the robust economics of the project and encourages the Company in the expansion of its resources and the development of full-scale mining and processing across its Harper South district."*

The main conclusion of the PFS is that the project is economically and technically feasible for the ore body delineated in this project with known and tested technology. The critical drivers of the project feasibility are final product price, port availability, diesel cost and environmental permits due to waste dump location.

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[1] Based on World Bank Iron Ore Price Forecast, 15 January 2013 – Source: https://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1304428586133/Price_Forecast.pdf

The breakdown of capital costs of the Mariposa Project is as follows:

Area	Capital Cost ($m)
Mining	20.46
Processing	25.55
Infrastructure	6.60
Power Generation	1.00
Indirect Costs	0.63
Contingency	8.14
Total Capital Cost Estimate	62.37

Table 1: Estimated Capital Costs for the Project

Area	Sustaining Capital ($m)
Open Pit	6.46
Processing	0.00
Infrastructure	0.00
Other	0.97
Total	7.43

Table 2: Estimated Sustaining Capital for the Project

The breakdown of operating costs of the Mariposa Project is as follows:

Cost per Tonne Product	Labour ($/t)	Material ($/t)	Fuel ($/t)	Lease ($/t)	Total ($/t)
Open Pit Mining	8.64	3.55	3.83	1.26	17.28
Processing	3.34	0.48	1.93	-	5.75
Transport to Port	-	-	-	17.92	17.92
Environmental	-	-	-	0.28	0.28
Administration	0.55	0.07	0.21	-	0.83
Port and Sea -Freight Costs	-	-	-	47.00	47.00
Freight Insurance	-	-	-	0.03	0.03
Total Cost CFR China Ports	12.53	4.10	5.97	66.49	89.09

Table 3: Estimated Operating Expenditure for the Project

Background of the PFS

REDCO's study presents an analysis of a potential economic value of the Mariposa Project based on the most recent resource model and engineering completed to a conceptual, pre-feasibility level of detail. The methodology first established a resource inventory model based on air reverse circulation drilling (RC) and diamond drilling (DD) undertaken as part of the PFS. The second step consisted of computing a mining sequence, mine design and production schedule based on estimated operating unit costs and metallurgical tests performed on diamond core and bulk samples. The plant was then designed using a metallurgical test database. An integrated mine-plant production schedule, definition of ore campaigns, stockpiles and general infrastructure to undertake mining of 1 million tonnes of final product at 62% FeT was computed, and operating expenses (OpEx) and capital expenses (CapEx) determined. The scope of the study does not include sustainability, environmental impacts or permitting documentation necessary to proceed further with the project.

The project considers a traditional open-pit mining operation with drilling, blasting, loading and hauling unit operations with proven technology in similar operating iron ore open-pit mines. The open-pit sequence was computed using decreasing value operating phases selected from a set of nested pits computed using the Lersch and Grossman optimisation algorithm. The drilling operating unit will be performed with drills of 135mm diameter, the blasting performed with ANFO with a power factor of 251 g/t, the loading with front-end loaders of 13m^3 capacity and the hauling with trucks of 56-tonne capacity. In the case of design, the general slope angle varies between 45˚ and 50˚, the depth of the final pit is 185m, the distance from the bottom of the pit to the processing plant in average is 2.5km and to the waste dump is 2km. It is planned to operate with two active phases at any given time during the life of the mine. A KUZ-RAM model was used to estimate the run of mine fragmentation which was estimated to be 90% under 300mm.

The process design was based on metallurgical tests conducted at Polimin with samples from cores. Several recovery multivariable models were fitted in order to establish the best combination of fragmentation and magnetic stations needed to achieve the production targets. Also several benchmarks and visits to other similar operations were performed to justify main assumptions made throughout the design process.

The resulting flowchart consists of four stages of crushing and three stages of dry magnetic separation.

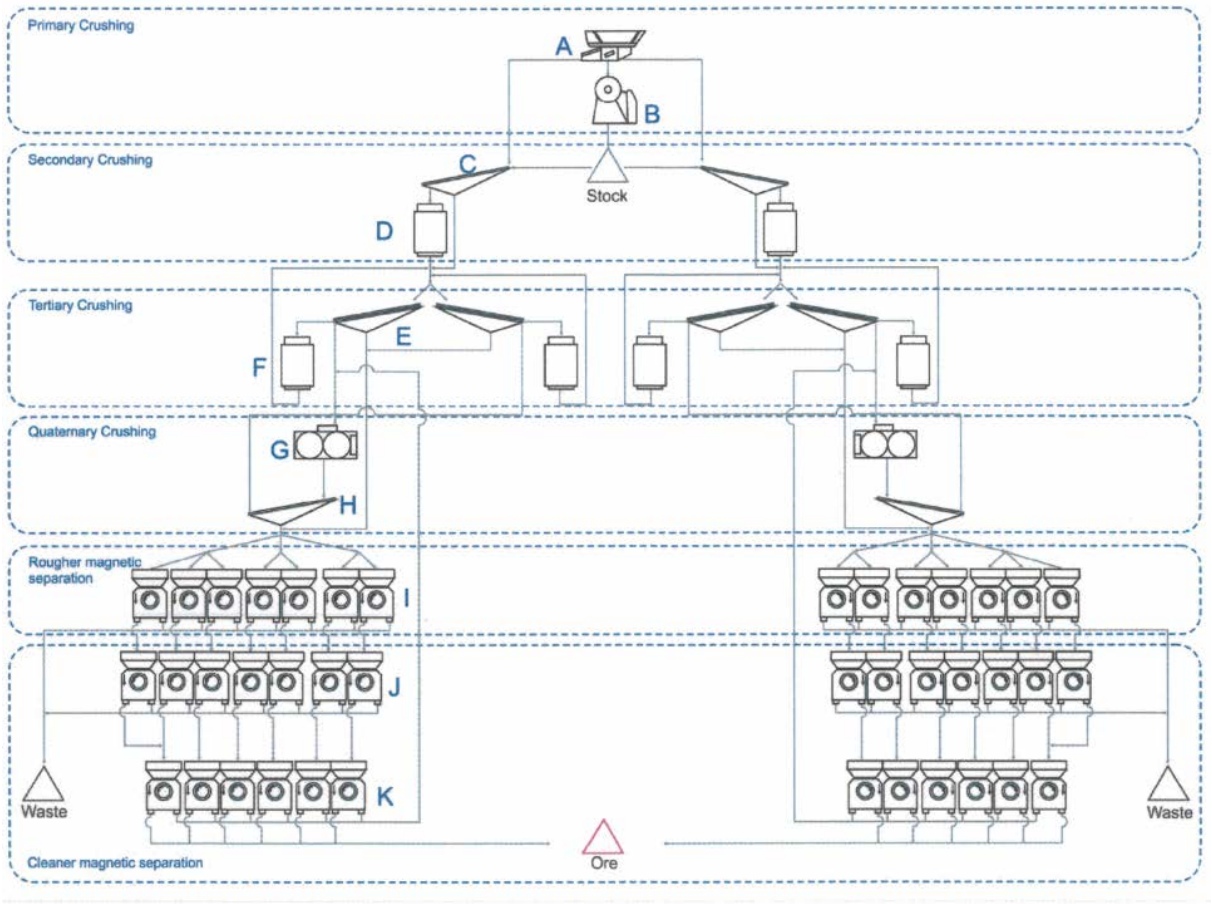

Figure2: Simplified Process Flowchart

An integrated mine-plant production schedule is computed through the life of mine seeking to mine near-to-surface ore for rapid payback, primarily including Measured and Indicated resources. The estimated overall stripping ratio is 1.46. The total production estimated for 12 years LOM is 10.9Mt of final product with 62% total iron and 24Mt of waste. The grades of contaminants in the final product are estimated as 0.09% of phosphorus, 0.01% sulphur, 0.83% aluminium, 4.07% silica and 0.34% vanadium.

The general infrastructure includes a diesel power generation plant of 4.73MW for the whole complex (520m^2), fuel tanks (2100m^2), administration offices (1,000m^2), a general warehouse (550m^2), a truck shop (2,620m^2), sample room (1,599m^2), explosive warehouse (500m^2) and laboratory (150m^2). A 14,900m^2 parking zone has been designed for trucks.

The mine and processing operation with be 24 hours in two shifts of 12 hours with a roster of seven days on, seven days off. The plant is designed to work only five days a week with two days planned for maintenance and magnetic drum set-up. The estimated total number of people working on the project is 203 on average, with a maximum of 226 employees in year 6. Workers will be accommodated in Vallenar, negating the need for on-site camps.

The project costings are based on road haulage of the final product to the Totoralillo port, north of Caldera, using the Panamerican highway.

Yours faithfully,

ADMIRALTY RESOURCES NL
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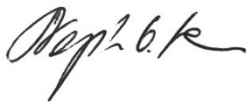

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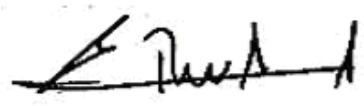
Competent Person's Statement

The information in this report that relates to Mineral Resources is based upon information prepared, compiled and reviewed by Dr Enrique Rubio-Esquivel, M.Sc, PhD from the University of British Columbia (Canada), who is a Member of the Australasian Institute of Mining and Metallurgy.

Dr Rubio is a full time employee of INGENIERÍA REDCO LIMITADA and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

Dr Rubio-Esquivel consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



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About Admiralty Resources NL

Admiralty Resources NL (ASX: ADY) is a public diversified mineral exploration company listed on the Australian Securities Exchange with mineral interests in Chile and in Australia.

Admiralty's flagship projects are the iron ore districts in Chile: Harper South (2,498 Ha), Pampa Tololo (3,455 Ha) and El Cojin (600 Ha). The districts are located in prime locations, with close and easy access to the Pan-American Highway (a major route), a railway and power line and operating shipping ports.

Admiralty's projects in Australia are the Bulman Project, a lead and zinc project located in the Northern Territory and the Pyke Hill Project, a cobalt and nickel project in Western Australia, whose mining lease is 50% owned by Admiralty.

Admiralty in Chile

The **Harper South district** ("Harper South") is the most advanced district in respect to exploration. To date, six targets have been confirmed as carriers of iron mineralisation: Mariposa, La Chulula, Soberana, Negrita, La Vaca and Mal Pelo.

- **Mariposa** has a JORC compliant resource of 174.5 Mt (*as per ASX announcement on 25/1/2013*). APrefeasibility Study for an initial production of one million tonnes of finished product per annum has been prepared by Redco Mining Engineers.
- **La Chulula**. A high resolution ground magnetic survey carried out in 2011 showed it as the ore body with highest susceptibility and depth within Harper South. Since then, a 600m diamond test drill hole was sunk in February 2012 and three reverse circulation drilling campaigns totalling 8,262m have been conducted since then. A resource statement is expected in the June 2013 quarter.
- **Soberana** has a JORC compliant resource of 90.2 Mt (*as per ASX announcement on 15/1/2013*).

Pampa Tololo district. A high resolution ground magnetic survey carried out in 2011 identified three targets: Cochrane, O'Brien and Simpson. A reverse circulation drilling campaign of 3,311m took place at Simpson in July/August 2012. The results of this campaign are currently being evaluated by the Company.

El Cojin district. It is the least advanced of the Admiralty's projects in Chile, with the first piece of exploration work being a high resolution ground magnetic survey carried out in 2012. The survey identified 5 targets in total with 3 of them showing great depth and high susceptibility.

Admiralty in Australia

Bulman Project

The Bulman Project is located within Arnhem Land, approximately 320km northeast of Katherine, in the NT and it comprises two exploration licences and two mineral leases. A mine management plan following up on the targets identified by the 2011 airborne electromagnetic survey has been completed recently and results are expected in the June quarter.

Pyke Hill Project

The Pyke Hill Project comprises a single granted Mining Lease which covers an area of 5.37km^2 and it is located near Leonora, in WA, approximately 40km southeast of the Murrin Murrin Nickel Operation operated by Minara Resources Limited. The Pyke Hill Project has a publicly available JORC compliant nickel and cobalt mineral resource and it is 50% owned by Admiralty and it is leased to Cougar Metals NL (ASX: CGM).