

# QUARTERLY ACTIVITIES REPORT

**for the quarter ended 31 March 2014**

Admiralty Resources NL (ASX: ADY) is pleased to report its activities for the March 2014 quarter on the Company's mineral projects in Chile and Australia.

## **Highlights**

- **La Chulula Project:** Release of pre-feasibility study (PFS).
- Dispute with Australis Minerals Ltd update.
- The quarter ended with cash on hand of \$513,495 (previous quarter: \$774,849).
- New Principal Place of business address.
- Mining Tenements

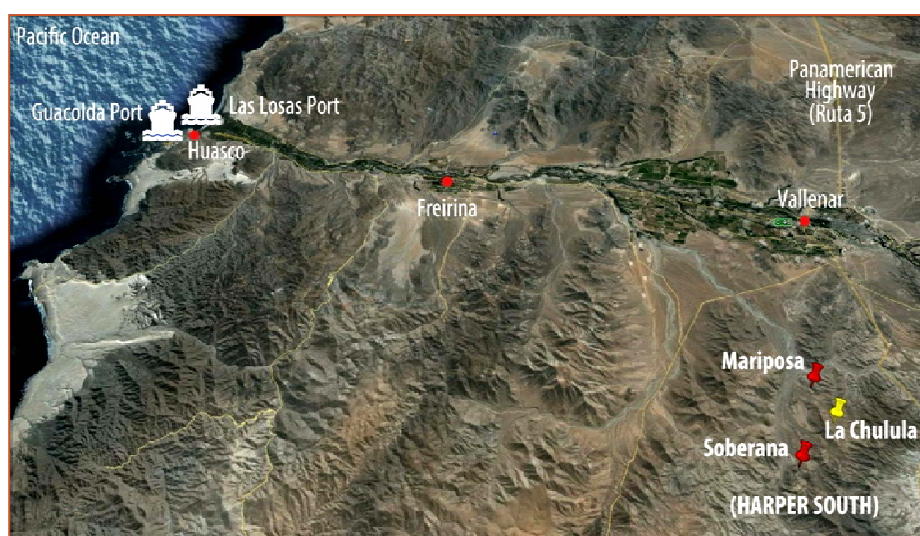
# Activities for the Quarter

## Harper South District

### *Background*

The Harper South District (“Harper South”) lies 15km south of the city of Vallenar in Region III of Chile. The district covers an area of 2,498 hectares, where exploration to date has identified six targets: Mariposa, Soberana, La Chulula, Negrita, Mal Pelo and La Vaca.

Harper South is the most advanced district in respect of the Company’s exploration portfolio, with the three most important projects on Admiralty’s exploration pipeline being Mariposa, Soberana and La Chulula.



*Location map showing Admiralty’s main projects location.*

### **Mariposa**

Sedgman S.A. have provided the Pre-Feasibility Study, however, the board of Directors are yet to make a decision on the recommendations. The board will advise in due course, its intended future actions relating to this site.

No other activity took place during the period.

### **Soberana**

#### *Submission of Environmental Impact Declaration - Soberana*

Admiralty Resources (“Admiralty”) submitted an Environmental Impact Declaration (*Declaración de Impacto Ambiental in Spanish*) (“DIA”) for its Soberana Iron Project in Chile with the Servicio de Evaluación Medioambiental (“SEA”).

The DIA is a compulsory step required by the Chilean Environmental Authority to assess the environmental impact of mining operations. An archaeological study, a flora and fauna study and an environmental management plan have been completed, applying industry best practice to ensure that any potential impacts are minimal and confined to the smallest possible area.

The scope of the DIA is to assess an open pit production of up to 540,000 tonnes per annum in lumps and/or fines of iron ore with an average 62-64% Fe through a dry magnetic separation process.

The Environmental Impact Statement has recently been received by the new board of Directors for review, which contains comments raised by the Regional Environmental Evaluation Service that Admiralty will address.

Admiralty is seeking to engage ARA Worley Parsons to respond to comments raised by the Regional Environmental Evaluation Office and an update in the next Quarterly Report will be provided.

On 11 February 2014, Admiralty signed a contract with Ambiental Chile to perform an environmental impact assessment report (EIA) for Iron Mineral Processing Operations for the 'Soberana Project'.

Admiralty hopes to have the report completed during the next quarter.

No other activity took place during the period.

### **La Chulula**

Admiralty Minerals commissioned Golder Associates S.A. (Golder) to build the resource model for the La Chulula Iron Project, located near Vallenar, III Region, Chile.

The project La Chulula is a high priority target for Admiralty, because this deposit has the highest susceptibility and depths within Harper South. The data used for this resource estimation was the result of 3 drilling campaigns made by Admiralty between February 2012 and January 2013 in La Chulula

The maiden mineral statement was completed in October 2013, however, did not comply with JORC<sup>1</sup> 2012. Such findings therefore were in-conclusive to release to market. Admiralty Board has re-commissioned the report statement and will provide an update in due course.

No other activity took place during the period.

### **Negrita, La Vaca & Mal Pelo**

Currently a geological recognition and sampling process, is being developed, as a future target for exploration. This has been deferred until a decision is made regarding VIC.

No other activity took place during the period.

## **Pampa Tololo District**

No activity took place during the quarter.

## **El Cojin District**

No activity took place during the quarter.

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

---

<sup>1</sup> Joint Ore Reserves Committee "Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves"

The Bulman project is located near the Bulman Aboriginal community within Arnhem Land, approximately 320km north east of Katherine (refer to *Figure 1* below). This project consists of two granted exploration licences (EL 23814 and 25931) and two granted mineral leases (MLN 726 and 727).

The project is a mature exploration play; targets have been defined and two small drilling programmes have been completed. Prospects for eventual delineation of resources of lead - zinc are considered reasonably good but the geological environment is poorly explored.

Following completion of airborne and ground electromagnetic surveys in 2011-2012, a small drilling programme was initiated to test geophysical and geological targets (see previous Admiralty Quarterly Reports). Drill samples at the Dingo Argentus prospect, reported widespread zinc anomalism, highlighting the prospectivity of this area for future exploration.

Bulman Resources has decided to defer completing exploration planning until late 2014.

No activity took place during the quarter.

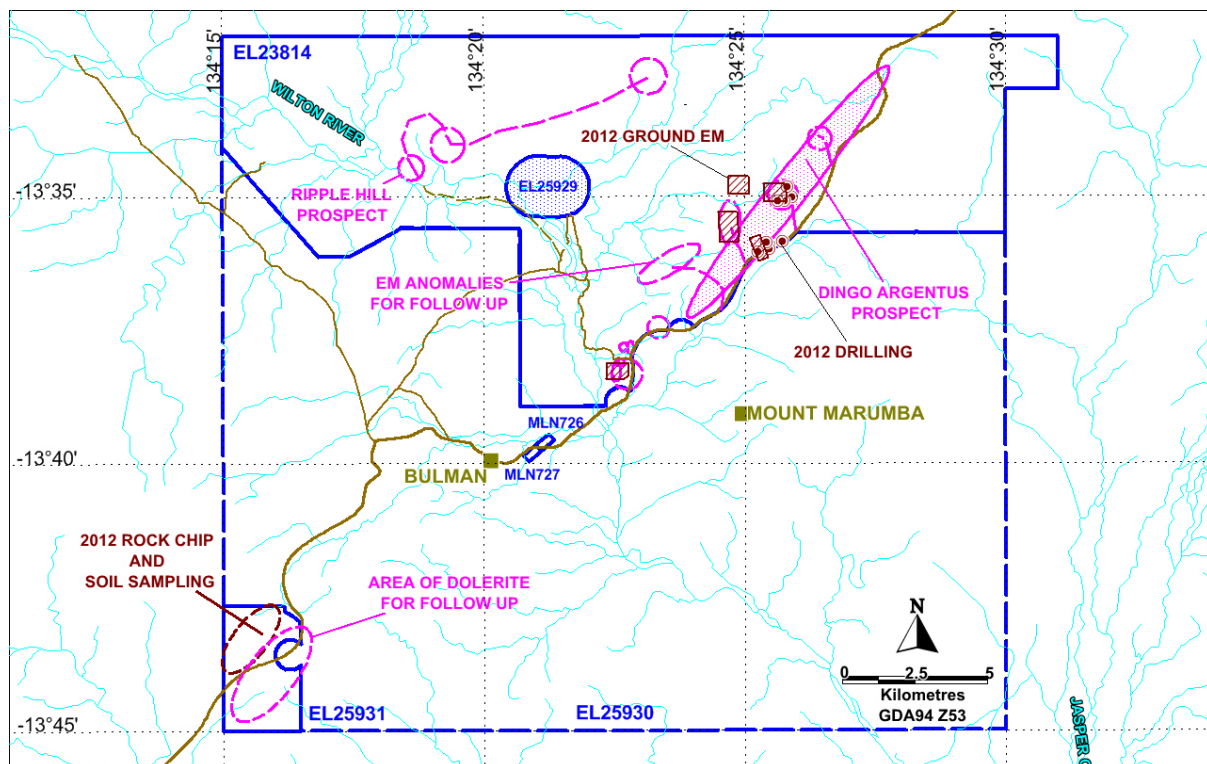


Figure 1: Location of 2012 Drilling/ EM and Proposed Exploration 2013-2014

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

No activity took place during the quarter.

### Corporate

#### Dispute with Australis and discussions for settlement

Australis Mining Ltd (“Australis”) currently has an outstanding debt of US\$1,700,000 to Admiralty under the share sale agreement relating to the sale of VIC to Australis.

This debt relates to the default of the mutually agreed deferred payment plan in 5 of the 8 instalments in respect of US\$1 million that was payable on 16 March 2012. The first three instalments of US\$100,000 were received; however the remaining US\$700,000 has been outstanding since 16 October 2012. On 16 November

2012, Australis also defaulted on the fourth and last instalment of US\$1m for the cash consideration in respect of the sale of VIC. Corsair Capital Ltd (“**Corsair**”) and Base Resources Ltd (“**Base**”), shareholders of Australis, are guarantors in respect of Australis' obligations.

Admiralty entered into an Memorandum of Understanding (MOU) with Australis on 4<sup>th</sup> November 2013 to commence a due diligence process for the consideration of reacquiring VIC. Discussions in this regard are continuing and the company currently expects to be in position to make a decision regarding VIC during the second quarter of 2014.

### **Convertible Loan Facility Agreement**

On the 18 March 2014, Admiralty Resources NL is pleased to announce that it has executed a Convertible Loan Facility Agreement with Smart East Global Limited and Admiralty Resources (Hong Kong) Limited.

The agreement provides Smart East Global Limited to lend Admiralty for Australis Mining Ltd (“Australis”) currently has an outstanding debt of US\$1,700,000 to Admiralty Resources (Hong Kong) Limited US\$1,500,000 with an option to convert the loan into shares in Admiralty Resources NL.

Smart East Global Limited has the right to convert all or any part of the loans, together with any accrued interest, into ordinary shares in Admiralty resources NL on or after 15 March 2015 and before 15 March 2016. Any such conversion will be at a conversion price of 80% of the Volume Weighted Average Price of Admiralty Resources NL securities for a 90 day period prior to receipt of a Conversion Notice.

### **Payment of Royalties under Wyndham Agreement**

| Admiralty Resources NL has been advised that ~~vallenar~~ Vallenar Iron Company (VIC) has failed in making a royalty payment of US\$250,000 to an associate of Wyndham which was due on or before 31 December 2013 in respect of an obligation of VIC arising out an agreement with Wyndham Exp~~l~~orations S.A. (“Wyndham”) dated 11 May 2009.

As VIC's obligation under that agreement are secured by encumbrances over VIC's mining tenements in Chile and also over part of Admiralty's mining tenements in Chile. this is a matter of concern to Admiralty.

| Admiralty is currently ~~investigation~~ investigating the position to determine the most appropriate action to protect Admiralty's interest.

Yours faithfully,



**Hanrui Zhong**  
Managing Director  
31 December 2013

# About Admiralty

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 2004 compliant resource of 174.5 Mt (*as per ASX announcement on 25/1/2013*). An engineering mine plan (or Prefeasibility Study) for an initial production of one million tonnes of finished product per annum has been commissioned to Redco Mining Engineers and final reports are expected in March 2014.
- **La Chulula**. A high resolution ground magnetic survey carried out in 2011 showed it as the deposit 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 revised resource statement is expected in the March 2014 quarter.
- **Soberana** has a JORC 2004 compliant resource of 90.2 Mt (*as per ASX announcement on 15/1/2013*).

The **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. Two small drilling campaigns have identified lead-zinc mineralisation in a geological setting similar to other Australian lead-zinc deposits at Mt Isa and McArthur River.

### Pyke Hill Project

The Pyke Hill Project comprises a single granted Mining Lease which covers an area of 5.37km<sup>2</sup> 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 2004 compliant nickel and cobalt mineral resource and it is 50% owned by Admiralty and it is leased to Cougar Metals NL (ASX: CGM).



### ***Issued capital***

730,044,981 shares (as of 31 March 2014)

727,822,759 shares (*previous quarter*)

Top 20 shareholders: 67.984% (as of 31 March 2014)

Top 20 shareholders: 67.312% (*previous quarter*)

Directors' holdings: 16.94% (as of 31 March 2014)

Directors' holdings: 16.99% (*previous quarter*)

### ***Board***

#### **Chairman**

Mr Alan Beasley

#### **Managing Director**

Mr Hanrui Zhong

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

Mr Scott Bennison

Ms Aping Wang

Ms Qing Zhong

#### **Company Secretary**

Mr Robert Kineavy

### ***Contact***

Suite 1602, 87-89 Liverpool Street  
NSW 2000, Australia

Phone: 1300 239 239

Fax: 1300 329 239

Email: [investors@ady.com.au](mailto:investors@ady.com.au)

Website: [www.ady.com.au](http://www.ady.com.au)

## Schedule of Mining Tenements

<i><b>Tenement Reference</b></i>	<i><b>Registered Holder</b></i>	<i><b>Country</b></i>	<i><b>Project Group</b></i>
M39/159 (50%)	Pyke Hill Resources Pty Ltd	Australia	Pyke Hill
MLN 726	Bulman Resources Pty Ltd	Australia	Bulman
MLN 727	Bulman Resources Pty Ltd	Australia	Bulman
EL 25931	Bulman Resources Pty Ltd	Australia	Bulman
EL 23814	Bulman Resources Pty Ltd	Australia	Bulman
<i><b>HARPER SOUTH</b></i>			
Negrita 1-4	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Negrita Group
Leo Doce, 1-60	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Negrita Group
Soberana 1-5	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Soberana Group
Phil Cuatro, 1-16	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Soberana Group
Leo 101, 1-30	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Soberana Group
Leo Cinco, 1-60	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Mariposa Group
Leo Seis, 1-58	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Mariposa Group
Leo Ocho, 1-60	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Mariposa Group
Leo Nueve, 1-60	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Mariposa Group
Leo Diez, 1-40	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Mariposa Group
Leo Once, 1-40	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Mariposa Group
Leo Trece, 1-60	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Mariposa Group
<i><b>OTHER SECTORS</b></i>			
Pampa Tololo 1-2475	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Pampa Tololo Group
Cerro Varilla 1-732	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Pampa Tololo Group
Leo 14, 1-40	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Other Tenements
Leo 105	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Other Tenements
Leo 106	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Other Tenements
Leo 107	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Other Tenements
Mal Pelo	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Other Tenements

### Mining Tenements - Other Information

- There have been no mining tenements purchased during the quarter.
- There are no farm-in or farm-out agreements.



### **Competent Person's Statement of Llyle Sawyer**

The information in this report that relates to Exploration Results is based on information compiled by Mr Llyle Sawyer, who is a Member of the Australian Institute of Geoscientists.

Mr Sawyer is employed by Geos Mining 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'.

Mr Sawyer consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

A handwritten signature in black ink, appearing to read 'Llyle Sawyer', is displayed on a light gray background.

**Mr Llyle Sawyer, Geos Mining**