



ADMIRALTY RESOURCES

Admiralty Resources NL

ACN 010 195 972

Offer Document

Non-renounceable rights issue to Eligible Shareholders of 1 New Share for every 3 Shares held on the Record Date at an issue price of \$0.02 per New Share, to raise up to a maximum of \$6,397,177*

The Offer closes at **5.00pm (Sydney time)** on **Tuesday 21 July 2015**.

This is an important document and requires your immediate attention.

This document contains important information about the Offer, and should be read in its entirety before any investment decision regarding the New Shares offered under this document is made.

If after reading this document, you have any questions about the Offer, you should speak to your professional adviser.

This document is not a prospectus and does not necessarily contain all of the information that an investor would find in a prospectus or may require before making an investment decision in relation to the Offer.

The New Shares offered under this document should be considered speculative.

*Assuming Eligible Shareholders comprise all Shareholders as at the date of this Offer Document

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Sydney New South Wales 2000 Australia,
Tel: +61 2 9283 6502 Fax: +61 2 9283 3963
<http://ady.com.au> Email: investors@ady.com.au

1 Important Notice

This Offer Document contains an offer by Admiralty Resources NL (ACN 010 195 972) (**Company**) to Eligible Shareholders of 1 New Share for every 3 Shares held as at the Record Date. It is important that you carefully read this Offer Document in its entirety before deciding whether to invest further in the Company and, in particular, that you consider the risk factors set out in **Part 7** that could affect the financial performance of the Company and the value of the Shares. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stock broker, lawyer or other professional adviser before deciding whether to invest. This Offer Document does not constitute financial product advice and has been prepared without taking into account the financial objectives, financial situation or particular needs (including financial and taxation issues) of any Eligible Shareholder.

This Offer Document has been prepared by the Company and is dated 12 June 2015. This Offer Document is not a prospectus and has not been lodged with the Australian Securities & Investments Commission. It does not contain all the information that an investor would find in a prospectus or may require in order to make an informed investment decision regarding, or in respect of the rights and liabilities attaching to, the New Shares.

Forward-looking information

This Offer Document includes forward-looking statements that have been based on current expectations about future acts, events and circumstances. In particular, this Offer Document contains forward-looking statements regarding the Company's proposed exploration program and proposed ventures with third parties. Any statement describing a goal, expectation, intention or belief of the Company is a forward-looking statement, the achievement of which is subject to risks and uncertainties that are outside of the control of the Company. Actual events, results and outcomes could differ materially from the expectations described in such forward-looking statements. None of the Company, the Directors or any other person can assure you that any forward looking statement or implied outcome will be achieved.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in this Offer Document. Any information or representation not contained in this Offer Document may not be relied upon as having been authorised by the Company or any of the Directors in connection with the Offer. None of the Company, the Directors or any other person warrants the future performance of the Company or any return on any investment made under the Offer.

In making representations in this Offer Document, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

Restrictions on distribution of this Offer Document

This Offer Document and accompanying Entitlement and Acceptance Form do not, and are not intended to, constitute an offer of New Shares in any place outside of Australia and New Zealand in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of this Offer Document and the accompanying Entitlement and Acceptance Form in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Offer Document and the accompanying form should seek advice and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws.

The Offer is not extended to, and no New Shares will be issued to, Shareholders having registered addresses outside Australia and New Zealand, unless a formal written offer has been made to those Shareholders, in accordance with the legislation and regulations within such jurisdiction.

Defined terms and abbreviations

Terms and abbreviations used in this Offer Document are defined in the Glossary (see **Part 8**).

Application for New Shares

If you wish to apply for New Shares, you must complete and return the personalised Entitlement and Acceptance Form which accompanies this Offer Document along with a cheque, bank draft or money order for the appropriate application money (at \$0.02 per New Share) or alternatively, make payment via BPAY® by the Closing Date. If you have not received a personalised Entitlement and Acceptance Form, please contact the Share Registry, Boardroom Pty Limited, by telephone on 1300 737 760 (local call cost within Australia) or +61 2 9290 9600 (outside of Australia), by email at enquiries@boardroomlimited.com.au or by mail at Share Registry, Boardroom Pty Limited, GPO 3993 Sydney NSW 2001.

Privacy disclosure

The Company collects personal information about each Applicant that is provided on an Entitlement and Acceptance Form for the purpose of processing that Entitlement and Acceptance Form, and, if the Applicant is successful, to administer and provide services in relation to the Applicant's security holding in the Company (including to facilitate corporate communications to the Applicant as a Shareholder). The collection and management of the Applicant's personal information is conducted in accordance with the *Privacy Act 1988* (Cth) which governs the use of a person's personal information and sets out principles governing the ways in which organisations should treat personal information. The personal information collected may include (but is not limited to) the Applicant's full name, date of birth, addresses and phone numbers.

By submitting an Entitlement and Acceptance Form, each Eligible Shareholder agrees that the Company may use the information provided on the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Company's share registry, related bodies corporate, officers, employees, agents, contractors, and third party service providers, including mailing houses and professional advisers, and to the ASX and other regulatory authorities.

The Corporations Act requires the Company to include personal information about Shareholders (including name, address, and details of the securities held) in its public register and to disclose such information to persons inspecting the register. The information contained in the Company's public registers must remain there even if that person ceases to be a security holder of the Company. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports, and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information on an Entitlement and Acceptance Form, the Company may not be able to accept or process your application under the Offer.

Further information about the Company's management of personal information including how an Applicant may request access to or seek the correction of his or her personal information or submit a complaint or a general privacy-related query is contained in the Company's Privacy Policy, available at <http://ady.com.au/privacypolicy>.

2 Timetable

Event	Anticipated Date*
Announcement of Offer and Appendix 3B and Offer Document lodged with ASX	Friday 12 June 2015
Notice of Rights Issue sent to Shareholders	Tuesday 16 June 2015
Shares quoted on an “ex-rights” basis**	Wednesday 17 June 2015
Record date for determining eligibility of Shareholders to participate under the Offer	Friday 19 June 2015 7.00 pm (Sydney time)
Offer Document and Entitlement and Acceptance Forms dispatched to Eligible Shareholders	Tuesday 23 June 2015
Last date to extend the Closing Date	Thursday 16 July 2015
Closing Date of the Offer	Tuesday 21 July 2015 5.00pm (Sydney time)
Expected commencement of trading of New Shares on a deferred settlement basis on ASX	Wednesday 22 July 2015
Notify ASX of under subscriptions (if any)	Friday 24 July 2015
New Shares (including those subscribed for under the Shortfall Offer) are issued, shareholder holding statements dispatched and deferred settlement trading ends	Tuesday 28 July 2015
Normal trading of New Shares commences	Wednesday 29 July 2015

* 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 Offer, including extending the Closing Date or accepting late applications, either generally or in particular cases. You are encouraged to submit your application as soon as possible. Any extension of the Closing Date will have a consequential effect on the date of issue of the New Shares. Neither the Offer nor the Shortfall Offer requires the approval of Shareholders.

Any material changes to the above timetable will be announced by the Company on its ASX announcements platform. The Company’s announcements are accessible from ASX’s website at www.asx.com.au under the code “ADY”.

** Shares in the Company commence trading without the right to participate in the Offer.

3 Letter from the Board of Directors

Dear Shareholder,

The Board is pleased to offer Shareholders the opportunity to participate in the Company's one (1) for three (3) pro-rata non-renounceable rights issue to raise up to a maximum of \$6,397,177 (before expenses) (**Offer**).

Details of the Offer

All Shareholders registered as at 7.00 pm (Sydney time) on Wednesday 17 June 2015 (**Record Date**) and who have a registered address in Australia or New Zealand will be entitled to subscribe for one (1) fully-paid ordinary share in the Company (**New Share**) for every three (3) Shares that they hold as at the Record Date.

The price payable on application for each New Share is \$0.02, which represents a 10% discount to the closing price of Shares on the ASX on Thursday 11 June 2015, being the last day prior to the announcement of the Offer, of \$0.022 per Share.

The Offer is currently scheduled to close at 5.00 pm (Sydney time) on Tuesday 21 July 2015. Any variation of the Closing Date will be announced by the Company on the ASX.

Shareholders wishing to subscribe for New Shares in excess of their Entitlement are invited to submit an application for New Shares forming part of the Shortfall (see **Part 4.3** for details of the Shortfall Offer). Shortfall Shares will be placed at the discretion of the Board.

Purpose of the Offer

The primary purpose of the Offer is to raise funds to enable the Company to accelerate its existing exploration of the Harper South and Pampa Tololo districts in Chile and advance the Soberana project towards early production, with a view to encouraging the letter of intent between the Company and State China Nuclear Industry 22nd Construction Co. LTD (**CNI22**) to progress into a more formal relationship.

As announced, the Company and CNI22 signed a letter of intent in December last year indicating their interest to cooperate on a number of ADY-owned iron ore projects proposed by the Company to the mutual benefit of both parties. The key areas of interest for CNI22 are the Harper South district, the Pampa Tololo district and the El Conjin district, all located in Chile and on grounds controlled by the Company. The goal of the cooperative venture will be to move the areas of interest from exploration to production phase sites.

The letter of intent is a precursor to continued negotiations which, if successful, will result in a contractual relationship similar to a joint venture. The letter however is non-binding, and Shareholders should be conscious of the risks associated with a further investment in the Company as discussed in **Part 7**.

Funds raised under the Offer will also provide the Company with additional working capital to enable it to support its activities and may be used to retire some of the Company's debt under the Convertible Facilities currently in place. Further information regarding the use of the funds raised under the Rights Offer and Shortfall Offer is set out in **Part 6**.

Actions for Shareholders

The Directors encourage intending Applicants to read this Offer Document in its entirety before making any decision as to whether to further invest in the Company. You should seek professional investment advice if you have any queries in relation to this Offer.

To participate in the Offer, please ensure that you return your completed Entitlement and Acceptance Form, and the relevant application money, to the Share Registry by the close of the Offer, which is currently scheduled to occur at **5.00 pm (Sydney time) on Tuesday 21 July 2015**. For further instructions, see **Part 5**.

The Board takes this opportunity to thank all Shareholders for your support. The Board looks forward to your continued support in the future.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Qing Zhong', with a stylized flourish at the end.

Qing Zhong

Managing Director

on behalf of the Board of Directors of Admiralty Resources NL

4 Details of the Offer and Shortfall Offer

4.1 Overview

The Company is making the Offer to existing Shareholders who have a registered address in Australia or New Zealand and that are registered as a Shareholder as at 7.00 pm (Sydney time) on Friday 19 June 2015, being the Record Date (**Eligible Shareholders**).

In addition, Eligible Shareholders who wish to apply for New Shares in excess of their Entitlement under the Offer are invited to subscribe for any New Shares which form part of the Shortfall pursuant to the Shortfall Offer. The Board reserves the right to issue Shortfall Shares at its sole discretion.

For further details in relation to the Offer, please refer to **Part 4.2**. For further details in relation to the Shortfall Offer, please refer to **Part 4.3**.

For details of how to apply under the Offer and the Shortfall Offer, see **Part 5**.

4.2 Offer

The Company offers for subscription approximately 319,858,832 New Shares pursuant to a pro-rata non-renounceable entitlement issue to Eligible Shareholders of one (1) New Share for every three (3) Shares held on the Record Date, at an issue price of \$0.02 per New Share.

The personalised Entitlement and Acceptance Form that accompanies this Offer Document sets out the number of New Shares to which each Eligible Shareholder is entitled. Where the determination of Entitlement results in a fraction of a New Share, such fraction has been rounded up to the nearest whole New Share. Shareholdings on different registers or subregisters will be aggregated in calculating Entitlements.

Based on the capital structure of the Company as at the date of this Offer Document:

- the maximum number of New Shares to be issued pursuant to the Offer is approximately 319,858,832, assuming all Entitlements are taken up in full; and
- the Offer will raise up to a maximum of \$6,397,177 (before costs).¹

The purpose of the Offer and the use of funds raised are set out in **Part 6**.

The Offer is non-renounceable, which means that rights to subscribe for New Shares under the Offer are unable to be traded.

The maximum number of New Shares that each Eligible Shareholder is entitled to apply for under the Offer, is shown in the personalised Entitlement and Acceptance Form accompanying this Offer Document.

Eligible Shareholders should take up their Entitlement in whole or in part by the Closing Date, if they wish to participate in the Offer. Otherwise, their Entitlements will lapse. If you wish to apply for New Shares under the Offer, please refer to **Part 5.1**.

¹ The eligibility of Shareholders to participate under the Offer will not be determined until the Record Date, which is currently scheduled to occur at 7.00pm (Sydney time) on Friday 19 June 2015. As such, in calculating this figure, the Company is assuming that Eligible Shareholders comprise all Shareholders as at the date of this Offer Document.

The Offer is not conditional and there is no minimum subscription. The Offer is also not underwritten.

4.3 Shortfall Offer

Any New Shares that are not the subject of a valid application received by or on behalf of the Company by the Closing Date, will form the Shortfall.

If there is a Shortfall, the Board reserves the right to issue the Shortfall Shares to any person, including Eligible Shareholders that apply for New Shares in excess in their Entitlements in their Entitlement and Acceptance Forms and investors that are not Eligible Shareholders.

Shortfall Shares will be offered at an issue price no less than the price at which New Shares are offered under the Offer, namely \$0.02 per New Share, and will be issued no later than 3 months after the close of the Offer.

In particular, Eligible Shareholders are invited to apply for Shortfall Shares, at the same price as the price of New Shares under the Offer, in addition to taking up their Entitlements under the Offer. The minimum investment size under the Shortfall Offer is \$1,000, which is the equivalent of 62,500 additional New Shares at \$0.02 per New Share.

The allocation of Shortfall Shares, including as between Eligible Shareholders and other applicants, will be determined at the sole discretion of the Board. It is a term of the Shortfall Offer that, if applicable, applicants must accept a lesser number of Shortfall Shares allotted to them than applied for and must accept a refund of application money in relation to Shortfall Shares applied for but which are not allocated, without interest.

If you wish to apply for Shortfall Shares, please refer to **Part 5.2**.

4.4 Overseas shareholders

The Offer does not, and is not intended to, constitute an offer of New Shares in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer.

It is not practicable for the Company to comply with the securities laws of most overseas jurisdictions in which Shareholders are located, having regard to the number of overseas Shareholders, the number and value of New Shares that these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

Accordingly, the Offer is not being extended and New Shares are not being offered and will not be issued to any Shareholders with a registered address which is outside Australia or New Zealand, unless a formal offer has been separately made to those Shareholders, in accordance with the legislation and regulations within such jurisdiction.

Eligible Shareholders holding shares on behalf of third parties are responsible for ensuring that its participation under the Offer on behalf of any such third party does not breach the laws and regulations of the jurisdiction in which that third party is resident, and should seek independent professional advice and observe any applicable restrictions in relation to making an application for New Shares. Return of a completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of any applicable foreign laws and regulations.

The Company reserves the right, in its sole discretion, to reject any application that it believes comes from a person who is not an Eligible Shareholder and to reduce the number of New Shares allocated to Eligible Shareholders or persons claiming to be Eligible Shareholders, if the Company reasonably considers their claim to be entitled to participate in this Offer to be false, exaggerated or unsubstantiated.

Shareholders resident in New Zealand should consult their professional advisors as to whether any governmental or other consent are required, or whether other formalities need to be observed, to enable them to exercise their Entitlements under the Offer.

The distribution of this Offer Document and the Entitlement and Acceptance Form outside Australia and New Zealand may be restricted by law. If you come into possession of these documents, you should observe such restrictions and should seek your own advice about such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

4.5 Quotation of New Shares by ASX

Application for Official Quotation of the New Shares was lodged with ASX prior to the announcement of this Offer.

No New Shares will be issued until ASX grants permission for quotation of the New Shares subscribed for under this Offer. New Shares issued pursuant to this Offer are expected to be allotted and issued in accordance with the timetable in **Part 2**.

The fact that ASX may grant Official Quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription.

4.6 Allotment and issue of New Shares

New Shares subscribed for under the Offer and the Shortfall Offer will be allotted and issued as soon as practicable after the Closing Date, in accordance with the timetable in **Part 2**.

The Company will allot New Shares subscribed for under the Offer on the basis of the Entitlement and Acceptance Forms received from Applicants. The Shortfall will then be allotted on the basis set out in **Part 4.3**.

Where the number of New Shares issued is less than the number applied for, or where no allotment is made, surplus application money will be refunded, without interest, to the Applicant as soon as practicable after the Closing Date.

Pending the allotment and issue of the New Shares, or the payment of any refunds, all application money will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company will be entitled to retain all interest that accrues on the bank account whether or not the issue of New Shares takes place, and each Applicant waives the right to claim such interest.

4.7 Rights and liabilities attaching to New Shares

All New Shares issued pursuant to the Offer and the Shortfall Offer will be fully paid ordinary shares and, from the time they are issued, rank *pari passu* with all the Company's existing Shares.

The rights and liabilities attaching to New Shares are regulated by the Company's Constitution, the Corporations Act, the ASX Listing Rules and the general law.

A copy of the Constitution is available for inspection, free of charge, on the Company's website at <http://ady.com.au/investor-center/corporate> and at the Company's registered office during normal business hours.

4.8 Taxation implications

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of applying for New Shares under the Offer and/or the Shortfall Offer, as it is not possible to provide a comprehensive summary of the possible taxation consequences for individual Shareholders. The Company, its advisers, officers, employees and agents do not accept any responsibility or liability for any taxation consequences of investing in the Offer. Shareholders should consult their own professional tax adviser in connection with the taxation implications of acquiring New Shares under the Offer and/or the Shortfall Offer, before making a decision as to whether to further invest in the Company.

4.9 Withdrawal of Offer

The Company reserves the right not to proceed with the Offer at any time before the issue of New Shares to Eligible Shareholders. If the Offer does not proceed, the Company will return all application money, without interest, as soon as practicable after giving notice of its withdrawal.

4.10 Enquiries

Shareholders with queries in relation to the Offer may contact the Share Registry by:

- telephone on 1300 737 760 (local call cost within Australia) or +61 2 9290 9600 (outside of Australia);
- email at enquiries@boardroomlimited.com.au; or
- mail at Share Registry, Boardroom Pty Limited, GPO 3993 Sydney NSW 2001.

5 Action required by Shareholders

5.1 How to accept the Offer

Your acceptance of the Offer may be made on the Entitlement and Acceptance Form accompanying this Offer Document. Your acceptance under the Offer must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your Entitlement in full:
 - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided and attach your cheque or bank draft for the amount indicated on that relevant Entitlement and Acceptance Form; or
 - (ii) make payment via BPAY® as per the instructions for BPAY® set out in the Entitlement and Acceptance Form; or
- (b) if you only wish to accept part of your Entitlement:
 - (i) fill in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form and attach your cheque or bank draft for the appropriate application money (at \$0.02 per New Share); or
 - (ii) make payment via BPAY® as per the instructions for BPAY® set out in the Entitlement and Acceptance Form; or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

The issue price for New Shares (at \$0.02 per New Share) must be paid in full on application.

If the amount of application money received from you is not sufficient to pay for the number of New Shares that you have applied for, the Company will, in its discretion, either:

- treat you as having applied for such lower number of New Shares (and Shortfall Shares, if applicable, in that order) as that part of your application money that has cleared will pay for in full; or
- reject your application in its entirety.

All payments made by cheques or bank draft must be drawn on an Australian Bank, made payable in Australian currency to “Admiralty Resources NL – Trust Account” and crossed “Not Negotiable”. For payments made by cheque, your completed Entitlement and Acceptance Form, together with your cheque, must be forwarded to the Share Registry:

Admiralty Resources NL
c/- Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Those who elect to pay via BPAY® must follow the instructions for BPAY® set out in the Entitlement and Acceptance Form. Investors who elect to pay via BPAY® will not need to return their completed Entitlement and Acceptance Form.

Completed Entitlement and Acceptance Forms and cheques must be received by the Share Registry no later than 5.00 pm (Sydney time) on the Closing Date, which is currently scheduled to occur on Tuesday 21 July 2015. Please note that payment via BPAY® must be made by no later than 4.00 pm (Sydney time) on the Closing Date. Applicants should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY® by the date and time mentioned above. If you elect to pay via BPAY®, you must follow the instructions for BPAY® set out in the Entitlement and Acceptance Form.

5.2 Participation in Shortfall Offer

If you wish to take up your Entitlement in full and also apply for New Shares forming part of the Shortfall, you should complete the part of the accompanying Entitlement and Acceptance Form relating to the Shortfall in accordance with the instructions set out in the form and return it, together with a single payment for all of the New Shares that you have applied for (under the Offer and the Shortfall Offer) in accordance with the terms set out in **Part 5.1**, so that it is received by the Closing Date.

If you do not wish to take up any part of your Entitlement under the Offer, you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall.

5.3 Entitlement and Acceptance Forms are binding

A completed and lodged Entitlement and Acceptance Form, together with the application moneys for the number of New Shares applied for, cannot be withdrawn and constitutes a binding application to subscribe for the number of New Shares specified in the Entitlement and Acceptance Form on the terms set out in this Offer Document. The Entitlement and Acceptance Form does not need to be signed to be binding.

If the Entitlement and Acceptance Form is not completed correctly, the Company, in its absolute discretion, can reject it or treat it as valid. The Company's decision as to whether to accept or reject an Entitlement and Acceptance Form or how to construe, amend or complete it, is final.

6 Purpose and Effect of the Offer

6.1 Purpose of the Offer and use of funds

The primary purpose of the Offer is to raise funds of up to a maximum of \$6,397,177 to enable the Company to accelerate its existing exploration of the Harper South and Pampa Tololo districts in Chile and advance the Soberana project towards early production, with a view to encouraging the letter of intent between the Company and State owned China Nuclear Industry 22nd Construction Co. LTD, which whom the Company entered into a letter of intent in December 2014, to progress into a more formal relationship. Further details in relation to the letter of intent are set out in **Part 3** and **Part 7**.

Assuming that the Offer is fully subscribed, the proceeds of the Offer are planned to be used in accordance with the table set out below:

Proceeds of the Offer	\$ *
Progress the exploration programme at Harper South and Pampa Tololo districts in Chile and advance the Soberana project	\$2,826,177
Partial retirement of the Company's debt under the Convertible Facilities	\$1,500,000
Expenses of the Offer and Shortfall Offer	\$71,000
Working capital	\$2,000,000
Total	\$6,397,177**

* All amounts are approximations. ** The eligibility of Shareholders to participate under the Offer will not be determined until the Record Date. As such, in calculating this figure, the Company is assuming that Eligible Shareholders comprise all Shareholders as at the date of this Offer Document.

In the event that the Offer is undersubscribed and the Company does not receive applications in respect of all Shortfall Shares, the Company proposes to defer the retirement of its debt under the Convertible Facilities and, if necessary, scale back its exploration programme.

6.2 Effect on capital structure

A comparative table showing the potential effect of the Offer on the capital structure of the Company, at different subscription levels, is set out below.

The actual effect of the issue of New Shares under this Offer Document will depend on the exact number of New Shares that are subscribed for and issued under the Offer and the Shortfall Offer. The potential dilutionary effect of the issue of New Shares on Shareholders who do not participate, or who are ineligible to participate, in the Offer is outlined in **Part 6.4**.

	\$2,132,392 raised under the Offer (33.33% subscription)		\$4,264,785 raised under the Offer (66.67% subscription)		\$6,397,177 raised under the Offer (100% subscription)	
	<i>Number of Shares</i>	<i>% of Total Shares</i>	<i>Number of Shares</i>	<i>% of Total Shares</i>	<i>Number of Shares</i>	<i>% of Total Shares</i>
Shares on issue as at Record Date *	959,576,495	90%	959,576,495	81.82%	959,576,495	75%
Total Shares issued under the Offer	106,619,611	10%	213,239,221	18.18%	319,858,832	25%
Total Shares on issue after completion of the Offer*	1,066,196,106	100%	1,172,815,716	100%	1,279,435,327	100%

* Assuming no additional Shares are issued pursuant to the conversion of the Convertible Facilities (see below in this **Part 6.2**).

The Company is party to two convertible loan facility agreements that confers the right on the lender to convert the loans outstanding under the agreements into Shares as at the date of this Offer Document.

The total loan amount outstanding under the Convertible Facilities is currently US\$3 million. The Company understands that the lender does not intend to convert any of the loans outstanding into Shares on or before the Record Date. Therefore, the lender will not be eligible to participate in the Offer on the basis of its interests under the Convertible Facilities.

Other the rights of conversion referred to above, as at the date of this Offer Document, there are no options to acquire Shares on issue. This will not change as a result of completion of the Offer or the Shortfall Offer.

6.3 Effect on Control

The Offer is not expected to have any effect on the control of the Company.

As at the date of this Offer Document, the following Shareholders have substantial holdings in the Company (each, a **Substantial Shareholder**):

Substantial Shareholder	Total voting power in ADY
Sino Investment and Holding Pty Ltd, Chinese Yellow Dragon Pty Ltd <HSPS Superannuation Fund>, and ABN Amro Clearing Sydney Nominees Pty Ltd <Jin Xin International Pty Limited ATF Jin Xin International Investment Trust A/C> (as a result of their association with each other) (collectively, Directors' Related Entities) <i>(Each of these entities is controlled by Mr Hanrui Zhong and Mrs Qing Zhong, both directors of the Company.)</i>	12.89%
Sophie Zhong Pty Limited <I Like Shopping Property A/C>	7.35%

Other than as provided above, the Company is not aware of any Shareholders as at the date of this Offer Document that has a relevant interest in Shares or voting power in the Company of 5% or more.

If any one of the Substantial Shareholders specified above exercises its Entitlements in full, in circumstances where no other person (including any other Substantial Shareholder) applies for any New Shares, whether under the Offer or the Shortfall Offer, the voting power of that Substantial Shareholder may increase up to the following levels, but will not exceed 20%:

Substantial Shareholder	% of Total Shares and Voting Power in ADY *	
	<i>Prior to issue of New Shares</i>	<i>After issue of New Shares</i>
Directors' Related Entities	12.89%	16.48%
Sophie Zhong Pty Limited <I Like Shopping Property A/C>	7.35%	9.57%

In addition, based on the Shareholdings in the Company as at the date of this Offer Document, even if no other Eligible Shareholders take up any of their Entitlements, the increase to the relevant interest of an Eligible Shareholder in Shares as a result of taking up all of its Entitlements is not expected to be sufficiently significant to have an effect on the control of the Company.

Similarly, although Shareholders with registered addresses outside of Australia and New Zealand will not be eligible to participate in the Offer, based on the Shareholdings of Shareholders with registered addresses outside of Australia and New Zealand as at the date of

this Offer Document, the combined percentage interest of such ineligible Shareholders in Shares is not expected to be sufficiently significant for there to be a material effect on the control of the Company, whether any or all Eligible Shareholders take up their Entitlements in full.

Eligible Shareholders will have the opportunity to apply for New Shares in excess of their Entitlements if there is a Shortfall, which means that Eligible Shareholders will have the opportunity to increase their percentage Shareholding in the Company. The Shortfall (if any) may also be placed with persons that are not Eligible Shareholders or Shareholders. Therefore, there is a possibility that persons that apply for and are issued with Shortfall Shares may acquire a substantial interest in the Company of up to 19.9% of the total Share capital.

How the Shortfall (if any) will be distributed as between Eligible Shareholders that apply for New Shares in excess of their Entitlements and other applicants will be determined at the discretion of the Board at the time the Shortfall is calculated (see further **Part 4.3**).

6.4 Effect on Shareholdings

If you are an Eligible Shareholder and you do not take up your Entitlements in full under the Offer, your percentage shareholding in the Company is likely to be significantly diluted as a result of the completion of the Offer and the Shortfall Offer.

In particular, the greater the number of New Shares that are subscribed for and issued under the Offer and the Shortfall Offer, the greater the dilutionary effect of the Offer will be on the percentage interests in the Company of existing Shareholders who do not or are not eligible to participate in the Offer or the Shortfall Offer.

The following tables show the potential dilutionary effect of the Offer, at different levels of subscription, on an existing Shareholder that is either an Eligible Shareholder that does not take up any of their Entitlements by the Closing Date or a Shareholder that is not eligible to participate in the Offer or the Shortfall Offer.

(a) Offer is fully subscribed and 319,858,832 New Shares are issued

Number of Shares held by relevant Shareholder	% shareholding and voting power in ADY		Dilutionary effect (%)
	Prior to issue of New Shares	After issue of New Shares	
1,000	0.00001%	0.00008%	-25%
5,000	0.00052%	0.00039%	-25%
10,000	0.00104%	0.00078%	-25%
25,000	0.00261%	0.00195%	-25%
50,000	0.00521%	0.00391%	-25%
100,000	0.01042%	0.00782%	-25%

(b) Offer is 66.67% subscribed and 213,239,221 New Shares are issued

Number of Shares held by relevant Shareholder	% shareholding and voting power in ADY		Dilutionary effect (%)
	Prior to issue of New Shares	After issue of New Shares	
1,000	0.00001%	0.00009%	-18%
5,000	0.00052%	0.00043%	-18%
10,000	0.00104%	0.00085%	-18%
25,000	0.00261%	0.00213%	-18%
50,000	0.00521%	0.00426%	-18%
100,000	0.01042%	0.00853%	-18%

(c) Offer is 33.33% subscribed and 106,619,611 New Shares are issued

Number of Shares held by relevant Shareholder	% shareholding and voting power in ADY		Dilutionary effect (%)
	Prior to issue of New Shares	After issue of New Shares	
1,000	0.00001%	0.00009%	-10%
5,000	0.00052%	0.00047%	-10%
10,000	0.00104%	0.00094%	-10%
25,000	0.00261%	0.00234%	-10%
50,000	0.00521%	0.00469%	-10%
100,000	0.01042%	0.00938%	-10%

7 Risk factors

The New Shares offered under this Offer Document are considered a speculative investment, and involve investors being exposed to risk. The Directors strongly recommend that potential applicants read this Offer Document in its entirety (including this **Part 7**) and consult their professional advisers before deciding whether to apply for New Shares pursuant to the Offer and/or the Shortfall Offer.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors.

The risks identified in this section, and other risk factors not specifically referred to below, may, if they occur, have a materially adverse impact on the financial performance of the Company and the market price or value of the New Shares.

The following summary, which is not exhaustive, represents some of the major risk factors of which potential investors should be aware. This **Part 7** has been prepared without taking into account your individual financial objectives, financial situation and needs. New Shares offered under the Offer carry no guarantee with respect to the payment of dividends, returns of capital or the market value of the New Shares.

Unless otherwise indicated by the context, the references to the Company in this section include the Company's subsidiaries.

7.1 Risks specific to the Company and its industry

(a) *Volatility of iron ore market*

The iron ore market has been subject to substantial volatility in recent times. Fluctuations in global demand and supply for iron ore may have an adverse effect on the value of the Company's assets, the financial prospects of the Company's exploration and development activities and the Company's ability to obtain funding for its operations.

The duration and severity of these conditions are uncertain, as is the extent to which they may adversely affect the Company's business and the businesses of the Company's current and prospective partners, including CNI22 (see further **Part 7.1(c)**). If negative conditions in the iron ore market persist or worsen, the Company may not be able to secure the additional funding necessary to sustain its current exploration programmes and may in turn need to cease or reduce the scope of its operations.

(b) *Exploration, evaluation and development risks*

The Company holds legal title to a series of mineral exploration and exploitation concessions in Chile and Australia. The Company has engaged in several geological exploration programs, the results of which have been used to estimate the measured, indicated and inferred mineral resources at one of the ore bodies covered by the mineral concessions. The Company is currently in the initial stages of a geological exploration program to advance its inferred and indicated mineral resources to the proven ore reserve category, in addition to endeavouring to identify further minerals resources at other ore bodies.

Resources exploration, project development and mining involve elements of significant risk. The future success of the Company's business will be dependent upon a range of factors, many of which are beyond the control of the Company. These factors include:

- ◆ the maintenance of the Company's mineral exploration and exploitation concessions and tenements in Chile and Australia, and the grant of any approvals required for the conduct of mining activities;
- ◆ the identification, confirmation and exploitation of mineral resources in the areas covered by the Company's mineral concessions and tenements;
- ◆ the inherent uncertainty of measured, indicated and inferred resource estimates. The calculation and interpretation of these resource estimates are by their nature matters of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when more comprehensive examinations are done. This may result in changes to the Company's development and mining plans, which in turn may adversely affect the Company's operations;
- ◆ access to sufficient funding to progress the Company's exploration programme, development and mining operations;
- ◆ adverse changes in governmental policies or legislation affecting mining exploration, development and exploitation activities;
- ◆ unanticipated delays and cost overruns in the progression of the Company's development activities;
- ◆ adverse weather conditions, accidents or industrial disputes; and
- ◆ fluctuations in the market price for the mineral resources exploited by the Company (as discussed in **Part 7.1(a)** above).

(c) *Non-binding letter of intent*

On 28 November 2014, state owned China Nuclear Industry 22nd Construction Co. LTD signed a letter of intent with the Company indicating that it would like to cooperate with the Company on a number of ADY-owned iron ore projects proposed by the Company to the mutual benefit of both parties.

The letter of intent sets out broadly the terms on which the parties wish to move to negotiate and sign a comprehensive cooperation agreement.

However, the letter of intent is not binding and there is no agreed timetable for the parties to negotiate and sign a binding definitive agreement.

There can be no assurance that the Company will be able to negotiate or establish contractual arrangements to achieve the objectives set out in the letter of intent, whether on commercially acceptable terms or at all. Sustained negative conditions in the iron ore market could impede the Company's negotiations with CNI22 in relation to the cooperative venture and CNI22's willingness to progress negotiations or formalise the relationship in binding contract.

(d) *Counterparty risk – enforcement of judgment*

In 2012, the Company instituted proceedings in the Supreme Court of Victoria against Australis Mining Ltd (**Australis**) and two of its shareholders, Cosair Capital Ltd and Base Resources Ltd, (collectively, **Defendants**), in respect of US\$1,700,000 in unpaid monies under the sale agreement relating to the sale by the Company of all of its shares in Vallenar Iron Company to Australis.²

On 12 March 2015, the Court handed down its decision in favour of the Company. With the consent of the Defendants, the Court made judgement against the Defendants in respect of the Company's total claim of US\$1,700,000 and interest of US\$419,700.15 (**Judgment Debt**). The Defendants were also ordered to pay the Company's costs of the proceedings (**Cost Order**).

In order to procure the consent of the Defendants to the above orders and in turn avoid the cost and uncertainty of a full trial, the Company gave an undertaking to the Defendants not to enforce the judgment until 12 June 2015. In the intervening period, the parties will attempt to negotiate an outcome to satisfy the judgment for the Company. Failing that, the Company will be free to enforce the judgment from 12 June 2015.

Until the Company receives actual payment of the Judgment Debt and/or the Cost Order, there is a risk that the Defendants may default in satisfying either or both of the Judgment Debt and the Cost Order, due to financial failure, insolvency or otherwise. If one or more the Defendants becomes insolvent, it may be difficult for the Company to enforce its rights under the Judgment Debt and the Cost Order.

(e) *Environmental risks*

The Company is subject to various regulations regarding environmental matters and the discharge of hazardous wastes and materials. Whilst the Company intends to conduct its activities in an environmentally responsible manner, the Company's operations and activities are expected to have an impact on the environment (as with most exploration operations). Therefore, the Company does face risks of non-compliance with regulations concerning the environment, which is impacted by the introduction of more stringent environmental regulations.

(f) *Native title and community risks*

Many countries (including Australia but excluding Chile) have native title, community title/empowerment, or heritage legislation and/or regulations. These rules impose certain requirements on mining companies which undertake or plan to undertake various exploration, development or drilling activities. For the Company, the main risks that arise from these rules are the uncertainties that they can create as to timetables and costs. No assurance can be given that the Company will be able to explore or conduct drilling activities within acceptable timeframes or on terms acceptable to it.

(g) *Operating risks*

If the Company achieves exploration success and proceeds to undertake mining operations, there is no assurance that the Company will be successful in the development and ongoing

² **Note:** Australis, Cosair and Base are unlisted companies based in the British Virgin Islands and should not be confused with the Australian and ASX-listed companies of a similar name.

production from such operations, as they may be adversely affected by various factors, including operational and technical difficulties encountered in production, metallurgical issues (including the adaptability of iron ore to separation and creation of a saleable product), difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, access to ports and transport, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

(h) ***Future capital requirements***

The Company's ongoing activities will require substantial expenditure. The exploration, development and production budgets of the Company are based on certain estimates and assumptions. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may be materially different. The funds raised through the Offer and the Shortfall Offer will not be sufficient to achieve all of the Company's objectives. There can be no guarantee that the Company will be able to raise additional finance on acceptable terms or in a timely manner.

Any additional equity financing may be dilutive to Shareholders and any debt financing (if available) is likely to include restrictive financial and non-financial covenants, which may limit the Company's operations and business strategy. The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

(i) ***Reliance on key personnel***

The Company is reliant on the continued involvement of key personnel as executives within the business, the loss of whom could adversely affect the achievement of its business plan. There can be no guarantee that such key personnel will remain in an executive capacity or that suitable replacements can be engaged in a timely manner.

(j) ***Counterparty risk – agents, contractors and joint venture parties***

The Company may enter into business relationships with various parties, including agency and joint venture relationships and sub-contract agreements in respect of its involvement in mining and development projects.

In these business relationships, there is the risk of an adverse impact on the Company associated with the insolvency, default or other managerial failure of agents, contractors, joint venture participants or any other counterparties to the Company. In the event that any of the Company's joint venture counterparties become insolvent, it may be difficult for the Company to enforce its rights under the relevant joint venture agreement and associated agreements. Further, if any of agents or contractors of the Company default or become insolvent, this may adversely affect the ability of the Company to perform its obligations under other contracts.

(k) ***Contractual risks***

All agreements and other contractual arrangements entered into by the Company are subject to interpretation. There is no guarantee that the Company will be able to enforce all its rights under its agreements with third parties.

(l) ***Mergers and acquisitions***

The Company may in the future pursue merger and acquisition strategies as part of the expansion of its business if an appropriate opportunity becomes available. In addition, the Company may continue to establish business operations in foreign countries (in addition to its current operations in Australia and Chile).

Operations in foreign countries carry substantial risks, including a greater risk of managerial failure, and the forfeiture of assets.

The Company's ability to pursue its merger and acquisition strategies depends upon the Company being able to identify opportunities that the Company considers will generate, or has the potential to generate, a rate of return for the Company that is acceptable having regard to the associated risks being assumed through the merger or acquisition.

The Company's inability to identify such businesses, or the acquisition of businesses that generate a lower than expected rate of return, could dilute Shareholder returns, and result in the return to investors from an investment in the Company being lower than the returns achieved from the existing business.

7.2 General risks

(a) ***Market conditions***

The price of shares quoted for trading by ASX is impacted by various international and domestic factors. As the Company is listed on ASX, its share price is subject to numerous influences which may affect both the share market generally or the Company's share price in particular.

The factors which may create share price fluctuations include inflation, economic conditions, commodity prices, interest rates, exchange rates and investor sentiment generally.

(b) ***Economic risk and external market forces***

Factors including, but not limited to, political movements, stock market trends, changing commodity prices, exchange rates, interest rates, inflation levels, industrial disruption, terrorism or other hostilities, environmental impacts, international competition, taxation changes and legislative or regulatory changes, may all have an adverse impact on the Company's operating costs, profit margins and share price. These factors are beyond the control of the Company and the Company cannot, to any degree of certainty, predict how they will impact on the Company from time to time.

(c) ***Taxation***

The Company's profitability may be affected by changes in Chilean and Australian government taxation laws and policies and in the operation of international tax treaties between the two countries.

(d) ***Government policy***

The Company operates its business in a climate that is subject to various forms of government policy and regulation. Mining exploration and exploitation can be affected by

changes in government policy and regulation, both within Australia and internationally, that are beyond the control of the Company.

(e) ***Other legal risks***

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and therefore on the financial performance of the Company and the price or value of the Shares.

8 Glossary and Interpretation

8.1 Glossary

In this Offer Document and the Entitlement and Acceptance Form:

Applicant means an Eligible Shareholder who applies for New Shares pursuant to the Offer.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.

ASX Listing Rules means the Listing Rules of the ASX.

Board means the board of Directors unless the context indicates otherwise.

Business Day means a day on which trading takes place on the ASX.

Closing Date means 5.00pm (Sydney time) on the closing date of the Offer, being Tuesday 21 July 2015 (unless varied by the Company in accordance with the Corporations Act and the ASX Listing Rules).

CNI22 means China Nuclear Industry 22nd Construction Co. LTD, with whom the Company entered into a letter of intent on 28 November 2014, as described in **Part 3** and **Part 7.1(c)**.

Company or **ADY** means Admiralty Resources NL (ACN 010 195 972).

Constitution means the Company's constitution as at the date of this Offer Document.

Convertible Facilities means, collectively, the convertible loan facility agreement between the Company and Smart East Global Limited dated on or about 26 June 2013 and the convertible loan facility agreement between the Company, Admiralty Resources (Hong Kong) Limited (a wholly owned subsidiary of the Company) and Smart East Global Limited dated 1 March 2014, as further described in **Part 6.2**.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors mean the directors of the Company as at the date of this Offer Document.

Eligible Shareholders means all Shareholders on the Record Date whose registered addresses are in Australia or New Zealand.

Entitlement means the entitlement of an Eligible Shareholder under the Offer, being one (1) New Share for every three (3) Shares held by that Eligible Shareholder as at the Record Date.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Offer Document.

New Shares means the Shares offered by the Company for issue pursuant to the Offer and the Shortfall Offer.

Offer means the offer by the Company to Eligible Shareholders of non-renounceable rights to be issued New Shares pursuant to the terms set out in this Offer Document.

Offer Period means the period during which the Offer is open for acceptance, being the period commencing on the date of dispatch of this Offer Document and ending on the Closing Date.

Quotation or **Official Quotation** means official quotation on ASX.

Record Date means 7.00 pm (Sydney time) on Friday 19 June 2015.

Share means a fully paid ordinary share in the issued capital of the Company.

Shareholder means a registered holder of one or more Shares.

Share Registry means Boardroom Pty Limited (ACN 003 209 836).

Shortfall or **Shortfall Shares** means those New Shares offered under the Offer which have not been validly applied for by Shareholders under their Entitlement by the Closing Date.

Shortfall Offer means the offer described in **Part 4.3**.

8.2 Interpretation

In this Offer Document and the Entitlement and Acceptance Form:

- (a) the singular includes the plural and vice versa and a gender includes other genders;
- (b) other grammatical forms of a defined word or expression have a corresponding meaning;
- (c) words and phrases have the same meaning as given to them in the Corporations Act (if any), unless otherwise defined above;
- (d) a reference to a Part is a reference to a section of this Offer Document;
- (e) a reference to a document or agreement, includes the document or agreement as novated, altered, supplemented or replaced from time to time;
- (f) a reference to any statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances or by-laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;
- (g) a reference to A\$, \$A, \$, dollar or cents is to Australian currency;
- (h) a reference to US\$ is to the currency of the United States of America;
- (i) a reference to time is to the time in Sydney, Australia;
- (j) a reference to a year (other than a financial year) or a month means a calendar year or calendar month respectively;
- (k) a reference to a person includes a natural person, partnership, firm, body corporate, trust, joint venture, association, governmental or local authority or agency or other entity;

- (l) the words “include”, “including”, “for example”, “such as” and similar expressions are not used as, nor are they to be interpreted as, words of limitation and, when introducing specific examples, do not limit the meaning of the words to which those examples relate or examples of a similar kind;
- (m) a reference to “you” is to a person to whom the Offer is made; and
- (n) headings, boldings, italics and underlines are for convenience only and do not affect the interpretation of this Offer Document.