

# QUARTERLY ACTIVITIES REPORT

**For the quarter ended 31 March 2016**

**29 April 2016**

Admiralty Resources NL (ASX: ADY) is pleased to report its activities for the March 2016 quarter on the Company's mineral projects in Chile and Australia.

## **Highlights:**

### **Additional Funds Received - Drawdown on Convertible Note**

During the quarter, the Group drew down a further \$500,000 USD on their convertible note facility which is held with Smart East Global (SEG). These funds will be used for maintenance costs associated with exploration activities in Chile and provide working capital to the group.

### **Directors Fees Suspended**

As announced last quarter the Company continues to suspend payment of directors' benefits to preserve their cash position and continues to monitor and manage operational expenditure.

## 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 targets on Admiralty's exploration pipeline being Mariposa, Soberana and La Chulula. These targets are being further developed for the exploitation of iron in the form of magnetite.



*Location map showing location of Admiralty's Harper South district and the three primary targets.*

#### Mariposa

Mariposa is Admiralty's most developed target showing resources, as announced on 25 January 2013. The following table shows the Mineral Resource Statement quantifies the resources at Mariposa at 174.5 Mt at 24.5% Fe for a 15% Fe cut-off in the measured, indicated and inferred categories as follows:

Cut-off grade FeT %	Measured Resources (Mt)	Indicated Resources (Mt)	Inferred Resources (Mt)	Total Resources (Mt)	Average FeT (%)	Average FeMag (%)
35	12.7	1.2	4.0	17.9	42.8	35.7
30	19.2	1.8	16.7	37.7	37.3	30.1
25	27.8	2.9	35.9	66.6	33.1	26.1
20	36.5	4.4	60.7	101.6	29.5	22.7
<b>15</b>	<b>43.4</b>	<b>7.6</b>	<b>123.5</b>	<b>174.5</b>	<b>24.5</b>	<b>18.0</b>
10	53.1	14.4	445.9	513.4	16.3	10.5

In addition to the increase in the total resources for Mariposa, this Resource Evaluation recorded a maiden Measured Resource of 43.4 Mt and it measured the magnetic iron content of the resource, which is a crucial aspect for the plant design and equipment selection for a dry magnetic separation process.

The Company is currently negotiating a framework agreement with China Nuclear Industry 22nd Construction Co. LTD (CNI22) for a cooperation model. Under the outlined intentions of the agreement, CNI22 is to finance construction costs of RMB 180 million with any excess cost to be borne by ADY.

ADY is to guarantee that the profit to CNI22 is to be no lower than 20% of the construction cost. Under the agreement, CNI22 will be responsible for ore extraction and production of fine iron.

## Soberana

Soberana currently ranks as Admiralty's second most developed target with a completed Scoping Study showing resources, as announced on 15 January 2013. The following table shows the inferred resource statement has been prepared by Redco Mining Engineers Ltd. ("Redco"), a Chilean engineering firm. The Soberana mineral resource estimate has been classified as inferred resources based on the guidelines of the JORC Code (2004) and is as follows:

Cut-off grade FeT %	Measured Resources		Indicated Resources		Inferred Resources		Total Resources	
	Tonnage (Mt)	FeT (%)	Tonnage (Mt)	FeT (%)	Tonnage (Mt)	FeT (%)	Tonnage (Mt)	FeT (%)
35	-	-	-	-	10.1	48.4	10.1	48.4
30	-	-	-	-	26.6	37.1	26.6	37.1
25	-	-	-	-	34.3	34.9	34.3	34.9
20	-	-	-	-	39.3	33.4	39.3	33.4
15	-	-	-	-	90.2	24.5	90.2	24.5
10	-	-	-	-	107.5	22.5	107.5	22.5

## Favourable Environmental Qualification – Soberana Project

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

On 13 August 2015, the Republic of Chile through the Environmental Evaluation Commission of the Atacama Region made a favourable environmental qualification for Admiralty's Soberana project. Details of the qualification have been included in the matters subsequent to the end of the financial year of the Directors' Report on page 26.

## La Chulula

The Mineral Resource Estimate quantifies the resources at La Chulula at 96 Mt at 24% Fe for a 15% Fe cut-off in the inferred category. The La Chulula resource estimate is based on the results obtained from the reverse circulation and diamond drilling campaign completed in 2012.

The table below shows the Total JORC-compliant Mineral Resources of 3 of the 6 iron targets in the Harper South District, one of 3 project areas Admiralty has under its control in Chile.

Project Name	Measured Resources (Mt)	Indicated Resources (Mt)	Inferred Resources (Mt)	Total Resources (Mt)	Average FeT (%)	Notes
Mariposa	43.4	7.6	123.5	174.5	24.5	(a)
La Chulula			96.0	96.0	24.0	(b)
Soberana			90.2	90.2	24.5	(c)
<b>TOTAL</b>	<b>43.4</b>	<b>7.6</b>	<b>309.7</b>	<b>360.7</b>	<b>24.4</b>	

Notes- (a) Competent Person Report attached to ASX announcement 25 January 2013.  
(b) Competent Person Report attached to ASX announcement 16 April 2015  
(c) Competent Person Report attached to ASX announcement 15 January 2013

### Maiden Mineral Resources Estimate Update

As announced to the market on 16 April 2015 Admiralty commissioned Golder Associates S.A. (Golder) to prepare a Resource Evaluation Statement for the La Chulula project. The resource estimate is based on the results obtained from the reverse circulation and diamond drilling campaign completed in 2012 and was prepared in accordance with the guidelines of Australasian Code for Reporting Joint Ore Reserves Committee (2012). The Mineral Resources Estimate quantifies the resources at La Chulula at 96 Mt at 24% Fe for a 15% Fe-cut off the inferred category and is as follows.

The purpose was to identify and define structural trends, define and detect magnetite style mineralisation and define potential targets both at depth and

Admiralty has in plan a drilling campaign and prepared more than 14 kms of roads ready for this activity during the year 2013.

No activity took place during the quarter.

## 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.
- **La Chulula**. The Mineral Resource Estimate quantifies the resources at La Chulula at 96 Mt at 24% Fe for a 15% Fe cut-off in the inferred category. The La Chulula resource estimate is based on the results obtained from the reverse circulation and diamond drilling campaign completed in 2012
- **Soberana** has a JORC 2004 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

#### 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***

1,015,240,898 shares (as of 31 March 2016)

***Board*****Managing Director**

Ms Qing Zhong

**Non-executive Directors**

Mr Hanrui Zhong

Mr Bin Li

**Company Secretary**

Mr Jarrod White

***Contact***

Suite 1602

87-89 Liverpool Street

Sydney 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)