

# **Admiralty Resources NL**

**ABN 74 010 195 972**

**Interim Report - 31 December 2022**

**Admiralty Resources NL**  
**Corporate directory**  
**31 December 2022**

Directors	Qing Zhong Jian Barclay Bin Li
Company secretaries	Louisa Ho Jarrod White
Registered office	C/- Traverse Accountants Suite 305, Level 3 35 Lime Street Sydney NSW 2000 (02) 9283 6502
Share register	Boardroom Limited Level 12, 225 George St Sydney NSW 2000 Australia
Auditor	RSM Australia Partners Level 13, 60 Castlereagh Street Sydney NSW 2000
Solicitors	Addisons Lawyers - Level 12, 60 Carrington Street, Sydney NSW 2000 Australia Noguera, Larraín & Dulanto Abogados -El Golf 40, piso 11, Las Condes, Santiago Chile
Bankers	Westpac Banking Corporation - 447 Bourke Street, Melbourne VIC 3000 Australia Scotiabank Azul - Av. Costanera Sur 2710 Piso 21 Torre A. Las, Condes, Santiago Chile National Australia Bank - Level 13, Tower B 799 Pacific Highway, Chatswood NSW 2067 Australia
Stock exchange listing	Admiralty Resources NL shares are listed on the Australian Securities Exchange (ASX code: ADY)
Website	<a href="http://www.ady.com.au">www.ady.com.au</a>

**Admiralty Resources NL**  
**Directors' report**  
**31 December 2022**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Group') consisting of Admiralty Resources NL (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

**Directors**

The following persons were directors of Admiralty Resources NL during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Qing Zhong  
Jian Barclay  
Bin Li

**Principal activities**

The consolidated entity's principal activities during the course of the financial year were the exploration for and development of economic mineral deposits.

**Review of operations**

The loss for the Consolidated Group after providing for income tax amounted to \$1,586,265 (31 December 2021: \$1,714,028).

**Soberana Project**

There was no activity during the period.

The Company advises that the contract with prior operator Rocterra Limitada (**Rocterra**) has been terminated as a result of Rocterra declaring bankruptcy in Chile. The Board proposes to commence exploring alternative commercial arrangements to continue activities at Soberana and will keep the market updated as to the progress of the Company.

**Pyke Hill**

The Pyke Hill nickel cobalt project, in which the Company has a 50% interest through wholly-owned subsidiary Pyke Hill Resources Pty Ltd (**Pyke Hill Resources**), has been predominantly dormant to date. The other 50% interest in the project is held by Richore Pty Ltd (**Richore**).

Pyke Hill Resources and Richore have been involved in legal proceedings pertaining to whether a third party, Cougar Metals NL (under external administration) (**Cougar**), retained any rights to the mineral nickel/cobalt rights contained in the Pyke Hill tenement (M39/159) pursuant to an option agreement terminated by Pyke Hill Resources in July 2021 (**Option Agreement**). The matter was most recently heard by the Supreme Court of Western Australia (**WASC**), which decided all issues in dispute and awarded costs in favour of Pyke Hill Resources and Richore. In particular, the court declared that Pyke Hill Resources and Richore have the sole rights to the mineral nickel/cobalt rights contained in or on M39/159 and that the Option Agreement was effectively terminated in July 2021. Cougar has lodged an appeal against the WASC's judgement. The Company will update the market as to the outcomes of that appeal.

## **Mariposa Project**

The Company continued to progress more in-depth negotiations with Hainan Xinlei Mining Management Co Ltd (**Hainan**) as to the specific structure and terms of the parties' proposed joint venture arrangement in respect of the Mariposa Project. ADY will continue to keep the market informed of any material progress that is made during this process.

### Mariposa Project Update

In parallel with its negotiations with Hainan, ADY and Hainan have, in furtherance of the Binding Term Sheet between the parties announced on 18 June 2021, continued to progress towards commencement of construction activities at Mariposa.

The Company's key operations team arrived onsite at Mariposa on 30 December 2022, in preparation for commencement of activities at Mariposa. The Company's Directors – comprising Mr Bin Li (Executive Chairman and Mariposa Project General Manager), Ms Qing (Susan) Zhong (Managing Director) and Mrs Jian Barclay (Executive Director) – also personally attended the Mariposa site in January 2023 to oversee the preliminary work being conducted to prepare the Mariposa site for mine construction and to pursue further operational relationships required to accelerate operations at Mariposa.

During January 2023, the Board progressed a number of key initiatives with respect to Mariposa:

1. Meetings to progress preliminary work required prior to commencement of mine construction, including the re-habitation of native flower and fauna, and engaging prevention service personnel to conduct safety and health reports in compliance with the terms of the Company's Environmental Impact Statement (DIA);
2. Since the Board's last visit to Mariposa in July 2022, the Directors have explored two additional options to access water at Mariposa, which are expected to be more economical than the current water source for the mine;
3. Electricity access and usage have been secured, with the main source located approximately 15 kilometres from the proposed location of the mine to connect to the transmission line. The Company is in the process of finalising the transmission line design with Latin America Power (an electrical engineering company) (**LAP**). The Company has sought surface rights for the transmission line which is under consideration by Agrosuper (the owner of the land);
4. The Company has continued to progress its discussions regarding port access with peer competitor Compania Minera del Pacifico, a large iron ore producer in Chile, with respect to their Las Losas port, and with the owners of the Guacolda port to explore the Company's maximum capacity to ship bulk export at each of the ports; and
5. Initiating discussions with a local railway company to explore loading and transporting opportunities for the Company in the near future.

The key operations team and the Directors have conducted several site visits to local, third party iron ore mines located in Vallenar and Copiapo to gain a greater understanding from local operators as to the prices for diesel, explosives and mining equipment. The Company has also conducted interviews with a number of operators for excavation equipment and expects to engage the first group of workers by end of this financial year, ending 30 June 2023. The topographic survey for preparation of the land has commenced and is also expected to be completed by the end of the financial year.

The first batch of mining equipment acquired by Hainan for the purposes of the Mariposa project arrived in Chile on 14 March 2023, and the second batch of mining equipment has been shipped from China and is expected to arrive in Chile early April 2023.

### **Significant changes in the state of affairs**

The various loan facilities provided by Shanghai Long Sheng Technology Development Co. Limited (Long Sheng) prior to 2020 have been extended to expire on 31 December 2025, and a new facility of up to AU \$1,500,000 (yet undrawn) was provided by Long Sheng to the Company in July 2022. All principal and interest (accruing at a rate of 5% per annum) on each of the loans will be repayable/payable on their maturity on 31 December 2025.

Managing Director, Qing (Susan) Zhong, has confirmed that she will not call for repayment of the director loan of \$2,033,682 disclosed in note 5, until such time as the Company has sufficient funds to do so having regard to its ongoing working capital requirements.

The Convertible Note facility from Smart East Global Limited has been extended to expire on 31 December 2025.

There were no other significant changes in the state of affairs of the Consolidated Group during the financial half-year.

**Admiralty Resources NL**  
**Directors' report**  
**31 December 2022**

**Rounding of amounts**

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Qing Zhong  
Managing Director

16 March 2023

**RSM Australia Partners**

Level 13, 60 Castlereagh Street Sydney NSW 2000  
GPO Box 5138 Sydney NSW 2001

T +61 (0) 2 8226 4500  
F +61 (0) 2 8226 4501

[www.rsm.com.au](http://www.rsm.com.au)

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Admiralty Resources NL for the half year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

*RSM*

**RSM AUSTRALIA PARTNERS**

*P Kanellis*

**Peter Kanellis**  
Partner

Sydney, NSW  
Dated: 16 March 2023

## **Admiralty Resources NL**

### **Contents**

**31 December 2022**

Consolidated statement of profit or loss and other comprehensive income	7
Consolidated statement of financial position	8
Consolidated statement of changes in equity	9
Consolidated statement of cash flows	10
Notes to the consolidated financial statements	11
Directors' declaration	17
Independent auditor's review report to the members of Admiralty Resources NL	18

### **General information**

The financial statements cover Admiralty Resources NL as a Consolidated Group consisting of Admiralty Resources NL and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Admiralty Resources NL's functional and presentation currency.

Admiralty Resources NL is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

24-26 Kent Street  
Millers Point NSW 2000  
Australia

A description of the nature of the Consolidated Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 16 March 2023.

**Admiralty Resources NL**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2022**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Other income	3	141,374	589,318
<b>Expenses</b>			
Consultancy and professional expenses		(343,081)	(274,265)
Employee benefits expense		(35,053)	-
Depreciation expense		-	(1,638)
Exploration expenditure		(3,153)	(66,042)
Finance costs		(970,681)	(1,619,551)
Occupancy costs		(10,000)	(10,000)
Administration		(129,469)	(140,605)
Travel expenses		(40,201)	-
Foreign exchange (loss)/gain		(196,001)	(191,245)
<b>Loss before income tax expense</b>		<b>(1,586,265)</b>	<b>(1,714,028)</b>
Income tax expense		-	-
<b>Loss after income tax expense for the half-year attributable to the owners of Admiralty Resources NL</b>		<b>(1,586,265)</b>	<b>(1,714,028)</b>
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive loss for the half-year attributable to the owners of Admiralty Resources NL</b>		<b>(1,586,265)</b>	<b>(1,714,028)</b>
		<b>Cents</b>	<b>Cents</b>
Basic loss per share	11	(0.12)	(0.13)
Diluted earnings per share	11	(0.12)	(0.13)

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*



**Admiralty Resources NL**  
**Consolidated statement of financial position**  
**As at 31 December 2022**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		347,108	574,955
Trade and other receivables		59,133	77,030
Other		40,068	-
<b>Total current assets</b>		<u>446,309</u>	<u>651,985</u>
<b>Non-current assets</b>			
Property, plant and equipment		178,893	178,893
Exploration and evaluation	4	<u>23,279,634</u>	<u>22,918,653</u>
<b>Total non-current assets</b>		<u>23,458,527</u>	<u>23,097,546</u>
<b>Total assets</b>		<u>23,904,836</u>	<u>23,749,531</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		563,087	562,844
Borrowings	5	2,033,683	13,277,577
Employee benefits		1,548	1,548
Other	6	<u>604,900</u>	<u>134,777</u>
<b>Total current liabilities</b>		<u>3,203,218</u>	<u>13,976,746</u>
<b>Non-current liabilities</b>			
Borrowings	5	<u>12,515,098</u>	-
<b>Total non-current liabilities</b>		<u>12,515,098</u>	-
<b>Total liabilities</b>		<u>15,718,316</u>	<u>13,976,746</u>
<b>Net assets</b>		<u>8,186,520</u>	<u>9,772,785</u>
<b>Equity</b>			
Issued capital	7	148,182,094	148,182,094
Reserves		(744,934)	(744,934)
Accumulated losses		<u>(139,250,640)</u>	<u>(137,664,375)</u>
<b>Total equity</b>		<u>8,186,520</u>	<u>9,772,785</u>

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes*

**Admiralty Resources NL**  
**Consolidated statement of changes in equity**  
**For the half-year ended 31 December 2022**

<b>Consolidated</b>	<b>Issued capital</b> <b>\$</b>	<b>Foreign currency reserve</b> <b>\$</b>	<b>Retained profits</b> <b>\$</b>	<b>Non-controlling interest</b> <b>\$</b>	<b>Total equity</b> <b>\$</b>
Balance at 1 July 2021	145,714,094	(744,934)	(134,163,298)	-	10,805,862
Loss after income tax expense for the half-year	-	-	(1,714,028)	-	(1,714,028)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive loss for the half-year	-	-	(1,714,028)	-	(1,714,028)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	2,468,000	-	-	-	2,468,000
Balance at 31 December 2021	<u>148,182,094</u>	<u>(744,934)</u>	<u>(135,877,326)</u>	-	<u>11,559,834</u>

<b>Consolidated</b>	<b>Issued capital</b> <b>\$</b>	<b>Reserves</b> <b>\$</b>	<b>Retained profits</b> <b>\$</b>	<b>Non-controlling interest</b> <b>\$</b>	<b>Total equity</b> <b>\$</b>
Balance at 1 July 2022	148,182,094	(744,934)	(137,664,375)	-	9,772,785
Loss after income tax expense for the half-year	-	-	(1,586,265)	-	(1,586,265)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive loss for the half-year	-	-	(1,586,265)	-	(1,586,265)
Balance at 31 December 2022	<u>148,182,094</u>	<u>(744,934)</u>	<u>(139,250,640)</u>	-	<u>8,186,520</u>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes*

**Admiralty Resources NL**  
**Consolidated statement of cash flows**  
**For the half-year ended 31 December 2022**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees (inclusive of GST)		(541,923)	(526,995)
Payments for exploration expenditure on mining interests		(417,900)	(66,042)
		<u>(959,823)</u>	<u>(593,037)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(2,231)	-
Payments for exploration and evaluation	4	-	(201,400)
Deposits paid		-	(282,561)
		<u>(2,231)</u>	<u>(483,961)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	7	-	2,489,000
Proceeds from borrowings		586,216	-
Deposits received		155,647	-
Share issue transaction costs		-	(132,000)
Repayment of borrowings		(11,373)	(160,511)
		<u>730,490</u>	<u>2,196,489</u>
Net cash from financing activities		<u>730,490</u>	<u>2,196,489</u>
Net increase/(decrease) in cash and cash equivalents		(231,564)	1,119,491
Cash and cash equivalents at the beginning of the financial half-year		574,955	107,946
Effects of exchange rate changes on cash and cash equivalents		3,717	-
		<u>347,108</u>	<u>1,227,437</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>347,108</u></u>	<u><u>1,227,437</u></u>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes*

**Admiralty Resources NL**  
**Notes to the consolidated financial statements**  
**31 December 2022**

**Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

**Going concern**

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a loss after tax of \$1,586,265 and had net cash outflows from operating activities of \$959,823 for the period ended 31 December 2022. As at that date the Group had net current liabilities of \$2,756,909. The ability to continue as a going concern and realise its exploration assets is dependent on a number of factors, the most significant of which is to source additional funding to continue its operations and for the existing convertible note holders to convert their debt to equity, or extend the facilities.

These factors indicate significant uncertainty as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after consideration of the following factors:

- The Directors are of the opinion that the existing Convertible Note facilities disclosed in note 5 will either be converted to equity or refinanced as required.
- The Directors are of the opinion that existing shareholders and financiers will continue to fund the company in the short term, and if required additional share capital or debt funding can be sourced to develop the projects further.
- In regard to the director loan of \$2,033,683, it was confirmed during the period that the balance will not be called for repayment until 31 December 2025 or until the Company is in a financial position to do so.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

**New or amended Accounting Standards and Interpretations adopted**

The Consolidated Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Note 2. Operating segments**

The Group operates in one business segment, being mineral exploration.

**Admiralty Resources NL**  
**Notes to the consolidated financial statements**  
**31 December 2022**

**Note 2. Operating segments (continued)**

*Operating segment information*

	Australia \$	Hong Kong \$	Chile \$	Total \$
<b>Consolidated - 31 Dec 2022</b>				
<b>Revenue</b>				
Gain on revaluation of financial liabilities	-	-	141,374	141,374
<b>Total revenue</b>	<u>-</u>	<u>-</u>	<u>141,374</u>	<u>141,374</u>
<b>EBITDA</b>				
Finance costs	(286,986)	(382,782)	(278,075)	(947,843)
<b>Loss before income tax expense</b>	<u>-</u>	<u>(638,422)</u>	<u>-</u>	<u>(638,422)</u>
Income tax expense	(286,986)	(1,021,204)	(278,075)	(1,586,265)
<b>Loss after income tax expense</b>				<u>-</u>
				<u>(1,586,265)</u>
<b>Assets</b>				
Segment assets	1,791,216	-	22,113,620	23,904,836
<b>Total assets</b>				<u>23,904,836</u>
<b>Liabilities</b>				
Segment liabilities	867,250	12,515,696	2,335,370	15,718,316
<b>Total liabilities</b>				<u>15,718,316</u>
	Australia \$	Hong Kong \$	Chile \$	Total \$
<b>Consolidated - 31 Dec 2021</b>				
<b>Revenue</b>				
Other revenue	-	550,233	39,085	589,318
<b>Total revenue</b>	<u>-</u>	<u>550,233</u>	<u>39,085</u>	<u>589,318</u>
<b>EBITDA</b>				
Finance costs	(353,411)	359,350	(100,416)	(94,477)
<b>Loss before income tax expense</b>	<u>-</u>	<u>(1,619,551)</u>	<u>-</u>	<u>(1,619,551)</u>
Income tax expense	(353,411)	(1,260,201)	(100,416)	(1,714,028)
<b>Loss after income tax expense</b>				<u>-</u>
				<u>(1,714,028)</u>
<b>Consolidated - 30 Jun 2022</b>				
<b>Assets</b>				
Segment assets	1,876,886	10,725	21,861,920	23,749,531
<b>Total assets</b>				<u>23,749,531</u>
<b>Liabilities</b>				
Segment liabilities	572,431	11,244,493	2,159,822	13,976,746
<b>Total liabilities</b>				<u>13,976,746</u>

**Admiralty Resources NL**  
**Notes to the consolidated financial statements**  
**31 December 2022**

**Note 3. Other income**

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
	\$	\$
Other Income	-	39,085
Gain on revaluation of embedded derivative financial liability to fair value	141,374	550,233
	<u>141,374</u>	<u>550,233</u>
Other income	<u>141,374</u>	<u>589,318</u>

**Note 4. Exploration and evaluation**

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	\$	\$
<i>Non-current assets</i>		
Exploration and evaluation - at cost	23,861,147	23,500,166
Less: Impairment	(581,513)	(581,513)
	<u>23,279,634</u>	<u>22,918,653</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

<b>Consolidated</b>	\$
Balance at 1 July 2022	22,918,653
Expenditure during the half-year	<u>360,981</u>
Balance at 31 December 2022	<u>23,279,634</u>

**Note 5. Borrowings**

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	\$	\$
<i>Current liabilities</i>		
Convertible Note - Cash Coupon Payable(i)	-	1,802,427
Convertible Note - Debt Host Liability(i)	-	5,225,722
Loans from related parties(iii)	2,033,683	6,249,428
	<u>2,033,683</u>	<u>13,277,577</u>
<i>Non-current liabilities</i>		
Convertible Note - Debt Host Liability(i)	5,587,937	-
Convertible Note - Derivative Liability	2,354,227	-
Loans from related parties(ii)(iii)	4,572,934	-
	<u>12,515,098</u>	<u>-</u>
	<u>14,548,781</u>	<u>13,277,577</u>

**Admiralty Resources NL**  
**Notes to the consolidated financial statements**  
**31 December 2022**

**Note 5. Borrowings (continued)**

The Group has a number of financing facilities that are detailed below:

1. Convertible Loan Facility represents the Convertible Loan Facility Agreement with Smart East Global Limited (“SEGL”) and Admiralty Resources (Hong Kong) Limited (“Admiralty HK”).

As of the date of this report, the current Convertible Loan Facility agreement with SEGL has a maximum principal drawdown value of \$US3.6 million.

The current key terms of the facility are:

- The interest rate is 12% per annum;
- Interest is accrued and is payable together with the principal on maturity; and
- The Conversion Price is 80% of the Volume Weighted Average price (“VWAP”) calculated 90 days immediately prior to the Conversion Date\*;
- Maturity/expiry date of loan agreement: 31 December 2025.

\*The Conversion Date is the date of receipt of a valid Conversion Notice.

2. The Company has a loan agreement with Shanghai Long Sheng Technology Development Co. Limited. On 1 July 2022, additional principal was extended to the Company of \$1,500,000 taking the total principal available under this facility to \$6,000,000. All other terms remained the same with the exception of the expiry date that through negotiation by the Company during the quarter was able to be extended to 31 December 2025.

The terms of the loan are:

- Principal loan available is \$AU6,000,000;
- Original loan agreement is dated 21 June 2018 and a second loan agreement was signed on 1 July 2022 for a further \$1,500,000;
- The interest rate is 5% per annum;
- Interest is accrued and is payable together with the principal on maturity;
- Maturity/expiry date of loan agreement: 31 December 2025.

The Company worked with both lenders during the period and was able to successfully extend both the Convertible Loan Facility Agreement and Shanghai Long Sheng Technology loan to have a maturity/expiration date of 31 December 2025.

**Note 6. Other**

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	\$	\$
<i>Current liabilities</i>		
Deposits held	449,253	134,777
Deposits held on behalf of other parties	155,647	-
	<u>604,900</u>	<u>134,777</u>

**Note 7. Issued capital**

	<b>Consolidated</b>			
	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	Shares	Shares	\$	\$
Ordinary shares - fully paid	1,303,579,153	1,303,579,153	149,491,360	149,491,360
Cost of capital	-	-	(1,309,266)	(1,309,266)
	<u>1,303,579,153</u>	<u>1,303,579,153</u>	<u>148,182,094</u>	<u>148,182,094</u>

**Admiralty Resources NL**  
**Notes to the consolidated financial statements**  
**31 December 2022**

**Note 7. Issued capital (continued)**

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*

There is no current on-market share buy-back.

**Note 8. Fair value measurement**

*Fair value hierarchy*

The following tables detail the Consolidated Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

<b>Consolidated - 31 December 2022</b>	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Convertible note - embedded derivative	-	-	2,354,227	2,354,227
Total assets	-	-	2,354,227	2,354,227

There were no transfers between levels during the financial half-year.

**Note 9. Related party transactions**

*Parent entity*

Admiralty Resources NL is the parent entity.

*Loans to/from related parties*

The following balances are outstanding at the reporting date in relation to loans with related parties:

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	\$	\$
<i>Current borrowings:</i>		
Current loan from key management personnel and associated entities	2,033,683	6,249,428
Non-current loan from key management personnel and associated entities	4,572,934	-

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**Note 10. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Consolidated Group's operations, the results of those operations, or the Consolidated Group's state of affairs in future financial years.



**Admiralty Resources NL**  
**Notes to the consolidated financial statements**  
**31 December 2022**

**Note 11. Earnings per share**

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of Admiralty Resources NL	<u>(1,586,265)</u>	<u>(1,714,028)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>1,303,579,153</u>	<u>1,299,201,133</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>1,303,579,153</u>	<u>1,299,201,133</u>
	<b>Cents</b>	<b>Cents</b>
Basic loss per share	(0.12)	(0.13)
Diluted earnings per share	(0.12)	(0.13)

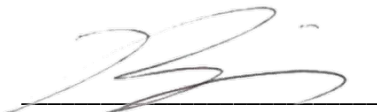
**Admiralty Resources NL**  
**Directors' declaration**  
**31 December 2022**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Consolidated Group's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Qing Zhong  
Managing Director

16 March 2023

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Admiralty Resources NL

### Report on the Half-Year Financial Report

#### *Qualified Conclusion*

We have reviewed the accompanying half-year financial report of Admiralty Resources NL which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Except for the adjustments to the 31 December 2022 financial report that we might have become aware of had it not been for the situation described below, based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Admiralty Resources NL is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

#### *Basis for Qualified Conclusion*

Included in Note 4 of the financial report is Exploration and Evaluation Expenditure with a carrying value of \$23,279,634 as at 31 December 2022. The ability to realise these assets is dependent on the Group's ability to identify and secure sufficient funding to develop the mine infrastructure and commence mining operations, or alternatively to potentially sell its assets. We have been unable to obtain sufficient appropriate audit evidence in relation to the ability to procure such funding or sell its assets. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Admiralty Resources NL, would be in the same terms if given to the directors as at the time of this auditor's report.

*Material Uncertainty Related to Going Concern*

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a loss after tax of \$1,586,265 and had net cash outflows from operating activities of \$959,823 for the half-year ended 31 December 2022. As at that date the Group had net current liabilities of \$2,756,909. The ability to continue as a going concern and realise its exploration assets is dependent on a number of factors, the most significant of which is to identify and secure sufficient funding to develop the mine infrastructure and commence mining operations, or alternatively to potentially sell its assets. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. Our conclusion is not further modified in respect of this matter.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the Admiralty Resources NL are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors those charged with governance determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility for the Review of the Financial Report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



**RSM AUSTRALIA PARTNERS**



**Peter Kanellis**  
Partner

Sydney, NSW  
Dated: 16 March 2023