

# QUARTERLY ACTIVITIES REPORT

**For the quarter ended 31 March 2015**

**30 April 2015**

Admiralty Resources NL (ASX: ADY) is pleased to report its activities for the March 2015 quarter on the Company's mineral projects in Chile and Australia.

## **Highlights:**

**Maiden Mineral Resources Estimate of 96 Mt at 24% Fe at La Chulula Admiralty increases total existing resources at cut-off grade of 15% Fe by 36% to 360.7 Mt at Harper South**

On 16 April 2015 the Board of Admiralty Resources NL announced that Golder Associates SA ("Golder") has produced a JORC-compliant Mineral Resource estimate for its La Chulula Project, one of the 6 targets of its Harper South District, Chile. 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

## **Court proceedings with Australis Mining Ltd completed**

Admiralty announced to the market on 13 March 2015 that the Supreme Court of Victoria in Melbourne has made a judgment in favour of Admiralty in court proceedings against Australis Mining Limited ("Australis"), Corsair Capital Limited ("Corsair")<sup>1</sup> and Base Resources Ltd ("Base")<sup>2</sup>.

With the consent of the parties, orders were made which have the following effect:-

- Judgment for Admiralty against the defendants for its total claim of US\$ 1,700,000 and interest of US\$419,700.15;
- The two counter-claims against Admiralty were dismissed;
- An award of costs in the proceedings to Admiralty solely.

In order to procure the consent of the other parties and to avoid the cost and uncertainty of a full trial, Admiralty gave an undertaking to Australis, Corsair and Base not to enforce the judgment until 12 June 2015.

<sup>1</sup> Note that Corsair as party to the Court proceedings is incorporated in the British Virgin Islands and is not to be confused with the Australian company of a similar name;

<sup>2</sup> Note that Base as party to the Court proceedings is a company incorporated in the British Virgin Islands and is not to be confused with the Australian Listed company of a similar name.

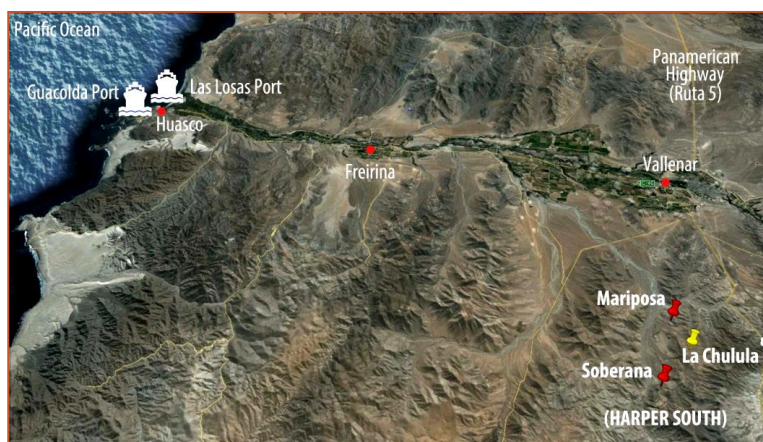
## Activities for the Quarter

### 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              |

## 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    |

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. The approval process should be completed before the end of the current year 2014.

## 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

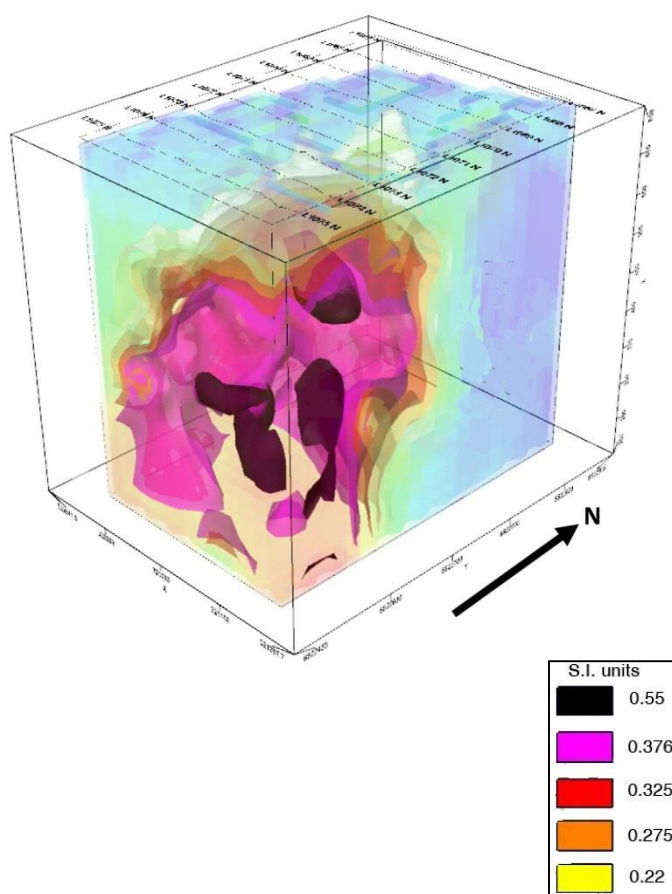
## Negrita

This target is prospective for iron mineralisation in the form of magnetite. Evidence of the mineralisation can be seen at surface.

Exploration work to date consists of a high-resolution ground magnetic survey the results of which were announced to ASX on 21 May 2012. The survey, undertaken by Quantec Geoscience Chile Limitada (“Quantec”), was performed in order to identify structural trends and detect magnetite style mineralisation.

The survey has been successful in detecting an unique double magnetic field with susceptibility values between 0.22 and 0.55 S.I. units resulting in a dumbbell shape target comprised by:

- **Upper area** – an oval shape zone registering high susceptibility levels greater than 0.55 S.I. units. It runs from the northwest to the southeast in the northern part of the grid, it measures approximately 75m x 50m x 100m at 490m elevation above sea-level.
- **Joining area** – this is a weaker zone of susceptibility between 0.4 and 0.5 S.I. units that joins the Upper and Lower areas.
- **Lower area**, another oval shape zone registering high susceptibility levels greater than 0.55 S.I. units, located at the southern part of the grid. It dimensions are 50m x 25m x 50m at 200m elevation.



No activity took place during the quarter.

## La Vaca & Mal Pelo

These targets are prospective for IOCG (Iron Oxide Copper Gold) mineralisation. Evidence of the mineralisation can be seen at surface.

Exploration work to date consists of a high-resolution ground magnetic survey the results of which were announced to ASX on 21 May 2012

Some reviews of the potentiality of these areas for surface copper extraction by trenching and blasting took place during the quarter. Results have not yet been received.

## Pampa Tololo District

This district is prospective for iron mineralisation in the predominate form of magnetite. It is immediately adjacent to the “Los Colorados” mine currently producing iron ore from a predominantly magnetite resource. Los Colorados has the largest production rate of any iron ore mine in Chile.

Exploration work includes a high-resolution ground magnetic survey the results of which were announced to ASX on 10 November 2011.

This work identified three priority targets named Cochrane, O’Brien and Simpson. Admiralty has conducted a preliminary drilling campaign at Simpson. The quantum of drilling completed to date is not sufficient to support a resource evaluation. No activity took place during the quarter.

## El Cojin District

This district is prospective for IOCG (Iron Oxide Copper Gold) mineralisation. Evidence of this type of mineralisation can be seen at surface.

Exploration work to date consists of a high-resolution ground magnetic survey the results of which were announced to ASX on 27 June 2012.

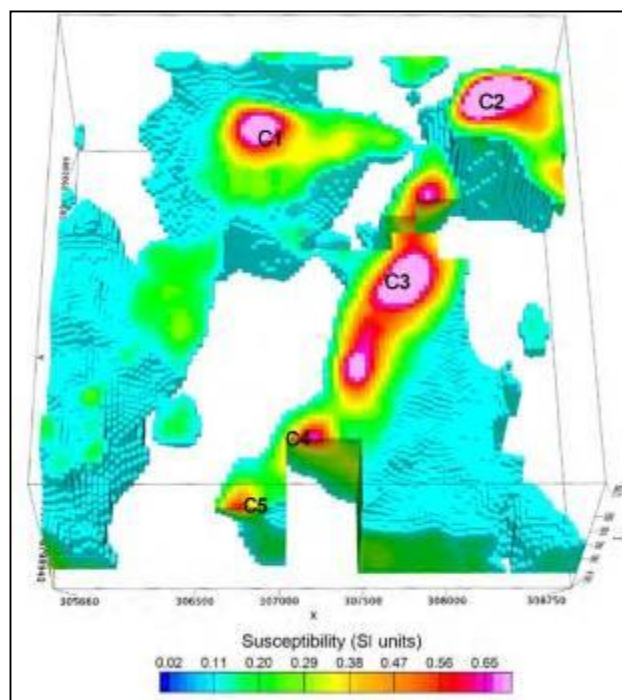
The survey was commissioned to Quantec Geoscience Chile Limitada (“**Quantec**”) following a field visit in late 2011 by management and Admiralty’s external geological consultant, Goldberg Resources, who was excited at the prospectivity of the district, which exhibited copper sulphate amuck, hematite in large lumps, quartz and kaolin, a classical picture of an IOCG (Iron Oxide Copper Gold) deposit, very common in the Chilean iron belt, where Admiralty’s iron districts are located.

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

***Right:** Calculated susceptibility voxel model of the magnetic anomalies at the Cojin District.*

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.



## Bulman Lead and Zinc Project (“Bulman”), Northern Territory of Australia

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



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

Following completion of airborne and ground electromagnetic surveys in 2011-2012, a small drilling programme was initiated to test geophysical and geological targets (see previous Admiralty Quarterly Reports). Drill samples at the Dingo Argentus prospect, reported widespread zinc anomalism, highlighting the prospectivity of this area for future exploration. However, no resource target worthy of exploration has been identified.

Admiralty has decided not to invest any further funds in this project due to the poor returns on past exploration expenditure. The company will allow its current exploration licences and mineral leases to expire and will not renew them.

No activity took place during the quarter.

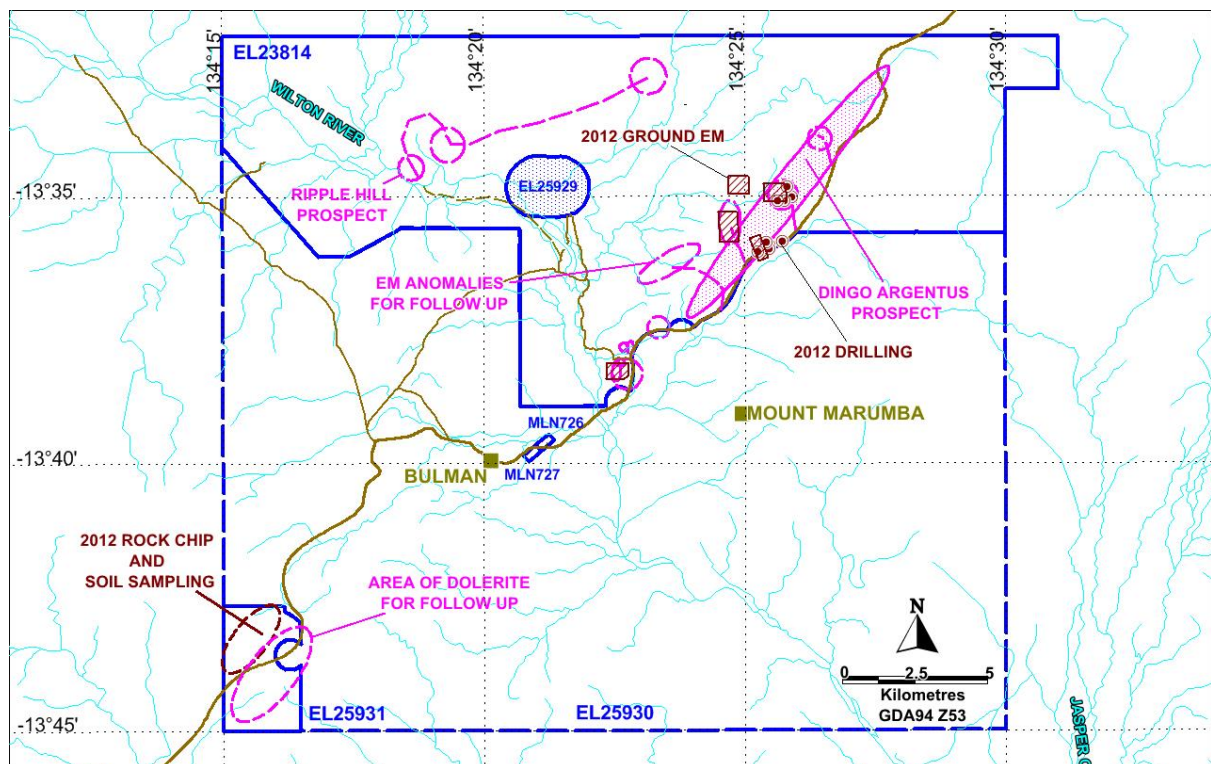


Figure 1: Location of 2012 Drilling/ EM and Proposed Exploration 2013-2014

## Pyke Hill Nickel & Cobalt Resource, Western Australia

The Pyke Hill Project comprises a single granted Mining Lease which covers an area of 5.37 square kilometres near Leonora in Western Australia, approximately 40km southeast of the Murrin Murrin nickel mine and processing plant operated by Minara Resources Limited. The Pyke Hill Project has a publicly available JORC compliant nickel and cobalt resource (see ASX: CGM). The Mining Lease is 50% owned by Admiralty and is leased to Cougar Metals NL (ASX: CGM). No mining operations have yet been undertaken by Cougar Metals NL on the mining lease.

No activity took place during the quarter.

# Corporate

## Court proceedings with Australis Mining Ltd completed

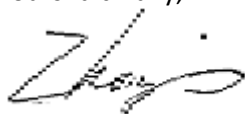
Admiralty announced to the market on 13 March 2015 that the Supreme Court of Victoria in Melbourne has made a judgment in favour of Admiralty in court proceedings against Australis Mining Limited (“Australis”), Corsair Capital Limited (“Corsair”) and Base Resources Ltd (“Base”) (note that Corsair and Base are both companies incorporated in the British Virgin Islands and are not to be confused with the Australian companies of similar name).

With the consent of the parties, orders were made which have the following effect:-

- Judgment for Admiralty against the defendants for its total claim of US\$ 1,700,000 and interest of US\$419,700.15;
- The two counter-claims against Admiralty were dismissed;
- An award of costs in the proceedings to Admiralty solely.

In order to procure the consent of the other parties and to avoid the cost and uncertainty of a full trial, Admiralty gave an undertaking to Australis, Corsair and Base not to enforce the judgment until 12 June 2015.

Yours faithfully,



**Qing Zhong**  
CEO/Managing Director  
30 April 2015

## About Admiralty

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

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

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

### Admiralty in Chile

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

- **Mariposa** has a JORC 2004 compliant resource of 174.5 Mt (*as per ASX announcement on 25/1/2013*). An engineering mine plan (or Prefeasibility Study) for an initial production of one million tonnes of finished product per annum has been commissioned to Redco Mining Engineers and final reports are expected in March 2014.
- **La Chulula**. 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*).

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

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

### Admiralty in Australia

#### 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***

976,132,053 shares (as of 31 March 2015)

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

Ms Qing Zhong

**Non-executive Directors**

Mr Hanrui Zhong

Mr Bin Li

**Company Secretary**

Mr Jarrod White

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