Admiralty Resources NL

ABN: 74 010 195 972

FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2015

CORPORATE DIRECTORY

Admiralty Resources NL
ABN: 74 010 195 972

Directors:
Qing Zhong
Hanrui Zhong
Bin Li (appointed 22 September 2014)
Aiping Wang (resigned 30 January 2015)
Scott Bennison (resigned 28 November 2014)
Alan Beasley (resigned 28 November 2014)

Company Secretary:
Jarrod White (appointed 1 October 2014)
Robert Kineavy (resigned 1 October 2014)

Principle place of business:
Suite 1602, 87-89 Liverpool Street
Sydney NSW
2000

Registered Office:
C/- Traverse Accountants
Suite 305, Level 3
35 Lime Street
Sydney NSW 2000

Securities Quoted:
Australian Securities Exchange Ltd (ASX)
Code: ADY (shares)

Auditors:
BDO East Coast Partnership
Level 14, 140 William Street
Melbourne VIC 3000 Australia

Share Registry:
Boardroom Limited
Level 7, 207 Kent Street
Sydney NSW 2000 Australia

Website:
www.ady.com.au

Admiralty Resources Group Structure

Admiralty Resources NL (ACN 010 195 972) has the following subsidiaries:

- Admiralty Minerals Chile Pty Ltd
- Admiralty Minerals Chile Pty Ltd Agencia en Chile (Chilean branch of Admiralty Minerals Chile Pty Ltd, which owns mineral concessions in Chile)
- Bulman Resources Pty Ltd (100% ownership of the Bulman lead/zinc project in the Northern Territory, Australia)
- Pyke Hill Resources Pty Ltd (has a 50% ownership interest in the Pyke Hill Nickel/Cobalt resource in Western Australia subject to an exploitation agreement with Cougar Metals NL)
- Admiralty Resources (Hong Kong) Limited
- ADY Investments Pty Ltd (currently inactive)
- Fortune Global Holdings Corporation (currently inactive)
- Servicios Admiralty Resources Chile Limitada

Bankers:

Westpac Banking Corporation 447 Bourke Street Melbourne VIC 3000 Australia	Citi Banco de Chile Agustinas 1180 Santiago, Chile	National Australia Bank Level 13, Tower B, 799 Pacific Highway Chatswood NSW 2067 Australia	HSBC Bank China Insurance Group Building DES Vouex Road Central Hong Kong

Lawyers:

Hall & Wilcox Level 30, 600 Bourke Street Melbourne VIC 3000 Australia	Noguera, Larraín & Dulanto Abogados El Golf 40, Piso 11 Las Condes, Santiago Chile	Gillis Delaney Level 11, 279 Elizabeth Street Sydney NSW 2000 Australia	Addisons Lawyers Level 12, 60 Carrington Street Sydney NSW 2000 Australia

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CHAIRMAN'S REPORT

Dear Shareholders,

Having been appointed to the Board of Directors of Admiralty Resources NL in September 2014 and as the new Chairperson in February 2015, I am pleased to present to you my report for the 2015 financial year.

There has been significant change to Admiralty's board of directors and management since November 2014 as the Company sought to streamline its corporate structure. Our Managing Director, Qing Zhong, is working to build a management team suited to develop our iron ore projects and deliver value for the benefits of shareholders in the near and medium term future.

The Company has received positive news for a number of its key projects and is indicative of the progress being made by the Board in developing, and ultimately commercialising, its iron ore assets in Chile.

Soberana Project

On 13 August 2015, the Republic of Chile through the Environmental Evaluation Commission of the Atacama Region has made a favourable environmental qualification for Admiralty's Soberana project. The Commission has certified that the project complies with the requirements of environmental nature as contained in Environmental Permits 88, 91, 93, 94, 96, 99 and 106 as listed in the items of the Regulation of the System of Environmental Impact Evaluation.

The Commission assessed the project on an assumed workforce of 245 people and annual production of 540,000 tonnes of iron concentrate grading 64% FeT.

Mariposa Project

Mariposa is Admiralty's most developed target showing resources. The Company 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.

La Chulula Project

The Company has obtained a JORC compliant mineral resource estimate during the year from Golder Associates SA. The estimate quantifies the resources at 96 Mt at 24% Fe for a 15% Fe cut-off in the inferred category.

CHAIRMAN'S REPORT

On behalf of the Directors, I would like to thank you for your ongoing support.

Yours sincerely,

Bin Li
Chairperson
30 September 2015

CORPORATE GOVERNANCE STATEMENT

COMPLIANCE WITH ASX CORPORATE GOVERNANCE RECOMMENDATIONS

Introduction

The Directors of Admiralty Resources NL (the “Company”) are committed to and support the implementation of best practice in corporate governance, applied in a manner that is appropriate to the Company’s circumstances. These policies and procedures are summarised below.

The Company’s corporate governance practices and procedures are directed to providing an appropriate framework for the pursuit of this objective, while protecting the rights and interests of shareholders and ensuring that the Company conducts its business lawfully and ethically. It influences how the objectives of the Company are achieved, how risk is monitored and assessed and how performance is optimized.

The Board and management are committed to corporate governance and, to the extent that they are applicable to the Company, have adopted the Corporate Governance Principles as set out in the Corporate Governance Principles and Recommendation (3RD Edition) as published by the ASX Corporate Governance Council, which was released on 27 March 2014 and came into effect on 1 July 2014.

The Board of Directors has put in place a framework of internal policies, procedures and guidelines for the governance of the Company, which has appropriate regard to the ASX Principles and Recommendations.

Whilst the Board has demonstrated, and continues to demonstrate, its commitment to best practice in corporate governance, it emphasises that good corporate governance is only one factor contributing to the success of the Company's operations.

The governance framework is reviewed annually by the Board with the object of achieving at all times the highest standards of corporate governance and ethical corporate behaviour.

Additional information about the Company's corporate governance practices is set out on the Company's website at **www.ady.com.au**.

Council Principle 1: Lay solid foundations for management and oversight

Role of the Board

The Board's primary role is the protection and enhancement of medium to long term shareholder value. To fulfil this role, the Board is accountable to shareholders and regulators for the activities and performance of the Company and has overall responsibility for the Company’s core business together with its corporate governance. The Board provides guidance to the management team that manages the business and affairs of the Company.

CORPORATE GOVERNANCE STATEMENT - CONTINUED

Responsibility of the Board

The corporate governance framework includes guidelines covering Board membership and operation that formalise the functions and responsibilities of the Board, including the nature of matters referred to the Board, and also contain guidelines for the operation and management of the Board.

The Board is collectively responsible for promoting the success of the Company by:

- Overseeing the Company, including its control and accountability systems and the performance of the Managing Director;
- Review and ratification of the integrity of the Company's financial management and reporting systems and processes;
- Establishment and monitoring of risk assessment and management, internal compliance and control procedures;
- Review and approval of the Company's yearly and half-yearly financial reports and other financial reporting in compliance with the applicable accounting standards, the Listing Rules and the Australian Securities Exchange and the Corporations Act 2001;
- Appointment, removal and remuneration of and delegation of authority to the Managing Director;
- Appointment, removal and monitoring of the performance of the Company Secretary and the Company's external accountants;
- Appointment of, liaison with, and regular review of the effectiveness and independence of the Company's external auditor;
- Regularly receiving, reviewing and applying reports and recommendations from the Managing Director concerning significant aspects of the Company's business and operations;
- Approving and monitoring financial and other reporting;
- To set the strategic direction of the Company and monitor progress of those strategies;
- Informing itself about and considering the implications of events and circumstances that could significantly affect the Company;
- Take responsibility for corporate governance;
- Ensuring that appropriate policies and procedures are in place for sound corporate governance including compliance with continuous disclosure requirements and other legal compliance; and
- Review and ratify systems for health, safety and environment management; risk and internal control and regulatory compliance for both employees and contractors.

The Board must convene regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities. Between regular meetings it will also ensure that important matters are addressed by way of circular resolutions. The Board may, from time to time, delegate some of the responsibilities listed above to its senior management team.

Responsibility of the Managing Director:

Responsibility for management of the Company's business and affairs, within the scope of the governance framework established by the Board, is delegated to the Managing Director, and subject to the oversight and supervision of the Board. It is the responsibility of the Managing Director, acting within his delegated authority, to manage the Company and its business.

CORPORATE GOVERNANCE STATEMENT - CONTINUED

The responsibilities of the Managing Director include:

- developing and recommending to the Board strategies, business plans and annual budgets for the Company;
- implementing the strategies, business plans and budgets adopted by the Board;
- managing resources within budgets approved by the Board;
- ensuring compliance with applicable laws and regulations; and
- ensuring the Board is given sufficient information to enable it to perform its functions, set strategies and monitor performance.

Appointment, induction and training

In selecting new Directors, the Board must ensure that the candidate has the appropriate range of skills, experience and expertise that will best complement Board effectiveness.

The Company ensures that appropriate background checks are undertaken regarding the potential new Director's character, experience, education, criminal record and bankruptcy history before appointing or putting forward a Director to shareholders for election as a Director.

The Company also provides its shareholders with all material information in its possession that is relevant to their decision on whether or not to elect or re-elect a Director through the Notice of Meeting, Director resumes and other information contained in the Annual Report and on the Company's website.

Upon appointment, each Director will receive a written agreement which sets out the terms of their appointment. New Directors will also attend an induction program where they are briefed on the Company's:

- operations and the industry sectors in which it operates;
- financial, strategic, operational and risk management position;
- governance matters, policies and procedures; and
- the Director and committee member's rights, duties and responsibilities.

Directors are also provided with regular professional development opportunities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

Company Secretary

All Directors have access to the Company Secretary. The Company Secretary is accountable to the Board, through the Chair, on all corporate governance matters.

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

The role of the Company Secretary includes:

- advising the Board and its committees (as established from time to time) on governance matters;

CORPORATE GOVERNANCE STATEMENT - CONTINUED

- monitoring that Board and committee policy and procedures are followed;
- coordinating the timely completion and despatch of board and committee papers;
- ensuring that the business at Board and committee meetings is accurately captured in the minutes; and
- helping to organise and facilitate the induction and professional development of directors.

Diversity Policy

The Company is committed to ensuring an inclusive workplace that encourages and embraces diversity. The Company has a Diversity Policy which provides a framework for the Company to achieve workplace diversity and includes requirements for the Board to set measurable objectives.

Our current Board has not established measurable targets for achieving gender diversity across the Company.

The respective proportions of men and women on the Board, in senior executive positions and across the Company are as below:

	Men	**Women**
Board	67%	33%
Senior executive*	-%	100%

* Managing Director

Performance Review of Directors

The performance of all Board members is reviewed annually.

Performance review of Executives

A performance evaluation of the Managing Director is conducted annually. The Managing Director is requested to provide feedback on how they feel they have performed over the 12 month period (360 degree feedback).

Council Principle 2: Structure the board to add value

The Company considers that each director possesses skills and experience suitable for building the Company. The skills, experience and expertise relevant to the position of each Director who is in office at the date of the Annual Report and their term of office are detailed in the Directors' Report. To add value to the Company, the Board is structured to discharge adequately its responsibilities and duties in respect of the size and scale of operations.

Nomination

Due to the relatively small size of the Company and the nature of the Company's core business, the Board has not created a Nominations Committee as these matters are considered by the Board.

CORPORATE GOVERNANCE STATEMENT - CONTINUED

The Board addresses succession issues and ensures the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively through regular review and assessment.

Board skills and experience

The length of service of each Director is set out in the Directors' Report of the Annual Report. The skills and experience of the directors are set out in the matrix below.

Experience	Industry
• Mining investment • Mine engineering , development and management • Capital raising management • Corporate Finance	• Mining & Geology • Investment Banking • Legal • Finance and Accounting

Independent Directors

Currently, the Board does not have a majority of Directors which are considered to be independent. However, the Company believes it has the right mix of skills, independence and experience on the Board at this time, given the Company's current business objectives and stage of growth.

At all times during the year, the Company has maintained a separation between the Chair and Managing Director roles.

The following table provides information in relation to the independence of Directors as at year end:

Name	Position	Independent	Factors affecting independence
Bin Li	Non-Executive Chairman (Appointed 26 February 2015)	Yes	Nominated by majority shareholder and elected as Non-Executive Director at General Meeting of Members on 21 September 2014.
Hanrui Zhong	Non-Executive Director	No	27,290,067 shares are controlled by Mr Zhong through a nominee entity.
Qing Zhong	Managing Director	No	Employed in an executive capacity as Managing Director.

Council Principle 3: Act ethically and responsibly

The Company complies with this recommendation other than with regard to the adoption of a diversity policy covered by Recommendations 3.2, 3.3, 3.4 and 3.5.

CORPORATE GOVERNANCE STATEMENT - CONTINUED

Code of Conduct

The Board has adopted a Corporate Code of Conduct to establish and encourage observance of standards of ethical and responsible decision making and behaviour that is necessary to maintain confidence in the Company's integrity. This enables Directors to recognise legal, social and other obligations and guide compliance to the Company's shareholders and stakeholders.

Directors are required to disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist in so far as it affects the activities of the Company. Directors are required to take actions to ensure they act in accordance with the Corporations Act. This may include taking no part in discussions or the decision making process where a conflict exists.

Share Ownership Policy

The Board has adopted a Directors' Share Ownership Policy that sets out the principles to be observed by the Company's Directors, Officers, employees and key contractors in relation to buying, selling and dealing in the Company's shares. It is the Company's policy that under all circumstances its Directors, Officers, employees and key contractors comply with the letter and intention of the insider trading laws when dealing in Admiralty's securities.

Council Principle 4: Safeguard integrity in corporate reporting

Board Committees

The Board has established the following three committees to assist in carrying out the Board's responsibilities: These committees meet as required and form part of the regular Board Meetings.

- Audit and Risk Committee
- Remuneration Committee
- Finance Committee

Each of these Committees has a formal charter setting out the Committee's role and responsibilities, composition, structure and membership requirements.

The Committees operate principally in a review or advisory capacity except where powers are expressly conferred on or delegated to a Committee by the Board.

Due to the relatively small size of the Company and the nature of the Company's core business, the Board has not created a Nominations Committee as these matters are considered by the Board. The

The Remuneration Committee's functions include reviewing and making recommendations to the Board on matters concerning executive remuneration, retention and termination procedures and policies for executive officers, and on the remuneration framework for Directors.

Audit and Risk Committee

The Company has put in place a structure of review and authorisation designed to ensure factual presentation of the Company's financial position and safeguard the integrity of financial reporting.

The structure includes:

CORPORATE GOVERNANCE STATEMENT - CONTINUED

- the role and responsibilities that the Audit and Risk Committee is charged with undertaking and performing in accordance with the Audit and Risk Committee Charter;
- referral to the full Board for approval of the Company's yearly and half yearly financial reports and other financial reporting; and
- external audit of the Company's yearly financial reports, external audit review of the Company's half yearly financial reports, and direct Board and Audit and Risk Committee access to the external auditor, whenever required (including in the absence of management).

Audit and Risk Committee Structure

Due to the relatively small size of the Company and the nature of the Company's audit function, the Audit and Risk Committee only contains two members.

The Audit and Risk Committee is also responsible for ensuring the independence and competence of the Company's External Auditor including:

- evaluation of the qualifications, performance and independence of the lead audit partner and review partner;
- overseeing five yearly rotation of the lead audit partner and review partner; and
- deciding whether to retain or recommend termination of the appointment of the External
- Auditor, including considering whether there should be rotation of the external audit firm itself.

The Managing Director is required to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

Audit and Risk Committee Charter

The Audit and Risk Committee's role and responsibilities, under its charter, include:

- overseeing the reliability and integrity of the Company's accounting policies, financial reporting and disclosure practices;
- advising the Board on the Company's financial reporting, due diligence, financial systems integrity and business risks;
- reviewing and monitoring the Company's external Audit and Risk management procedures;
- monitoring and reviewing the effectiveness of the Company's internal compliance and control;
- reviewing the external auditor's qualifications and independence;
- reviewing the performance of the external auditor;
- assessment of whether the Company's external reporting is consistent with Committee members' information and knowledge and is adequate for shareholder needs; and
- ensuring proper procedures for the selection, appointment or removal of the external auditor and rotation of the external audit engagement partner.

The Audit and Risk Committee meets as often as required to carry out its role and responsibilities.

It is expected that ordinarily this will be at least twice per year.

CORPORATE GOVERNANCE STATEMENT - CONTINUED

External Auditor

BDO East Coast Partnership are the appointed external auditors of the Company. The performance of the external auditor is reviewed periodically and, if necessary, applications for tender of external audit services will be requested as deemed appropriate.

It is the practice of the Company to require the external auditor to attend the Annual General Meeting and be available to answer shareholders questions about the conduct of the annual audit and content of the auditor's report.

An analysis of fees paid to the external auditors, including a breakdown of any fees for any non-audit services, is provided in Note 7 to the financial statements. The Directors are satisfied that the provision of non-audit services during the year by BDO East Coast Partnership is compatible with the general standard of independence as imposed by the Corporations Act. The external auditors provide an annual declaration of their independence to the Company.

Council Principle 5: Make timely and balanced disclosure

Compliance with ASX Listing Rules

The Company has adopted the compliance procedures for ASX Listing Rule disclosure requirements. It has appointed the Managing Director and Company Secretary to be responsible for compliance. Their responsibilities include ensuring compliance with the continuous disclosure requirements, overseeing and coordinating information disclosure to the ASX, shareholders, the media and the public.

Council Principle 6: Respect the rights of shareholders

Communication Policy

The Company has guidelines to promote effective communication with shareholders and encourage effective participation through a policy of open, balanced disclosure of all material information with respect to the Company's affairs to shareholders, regulatory authorities and stakeholders.

Information will be communicated to shareholders as follows:

- The Annual Report is distributed to all shareholders. The Board ensures that the Annual Report includes relevant information about the operations of the consolidated entity during the year, changes in the state of affairs of the consolidated entity and details of future developments, in addition to the other disclosures required by the Corporations Act. The Annual Report is made available on the Company's website, and is provided in hard copy format to shareholder who requests it.
- The Half-Yearly Report contains summarised financial information and a review of the operations of the consolidated entity during the year. The half-year audited financial report is prepared in accordance with the requirements of applicable Accounting Standards and the Corporations Act and is lodged with the Australian Securities Exchange. The Half-Yearly Report is made available on the Company's website, and is sent to any shareholder who requests it.

CORPORATE GOVERNANCE STATEMENT - CONTINUED

- The Quarterly Report contains summarised cash flow financial information and details about the Company's activities during the quarter. The Quarterly Report is made available on the Company's website, and is sent to any shareholder who requests it.
- Announcements in accordance with the ASX Listing Rules and the Continuous Disclosure obligations;
- A general meeting of shareholders held at least annually, including providing them with notice of meeting and proxy form; and
- The Company's website is well promoted to shareholders and shareholders may register to receive updates, either by email or in hard copy.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the consolidated entity's strategy and goals. Important issues are presented to the shareholders as resolutions. The Company also ensures that the audit partner attends the Annual General Meeting.

Company's website

The Company maintains a website at www.ady.com.au

On its website, the Company makes the following information available on a regular and up-to-date basis:

- Company announcements;
- Latest information briefings;
- Notices of meetings and explanatory materials; and
- Quarterly, Half-Yearly and Annual Reports.

The website is being continuously updated with any information the directors and management may feel is material. All relevant announcements made to the market, and related information, are placed on the website after they have been released to the Australian Securities Exchange.

The website also provides information about the last three years press releases / announcements including three years of financial data.

Council Principle 7: Recognise and manage risk

Oversight and Management of Material Business Risks

The Company is aware of the risks involved in an exploration and mining company and the specific uncertainties for the Company continue to be regularly monitored and reviewed by the Board. All proposals reviewed by the Board include a conscious consideration of the issues and risks of the proposal.

The potential exposures associated with operating the Company are managed by the Managing

Director, the Company Secretary and consultants who have significant broad-ranging industry experience, who work together as a team and regularly share information on current activities. During the year, the Managing Director has disclosed to the Board the effectiveness of the Company's management of the material business risks.

CORPORATE GOVERNANCE STATEMENT - CONTINUED

Additionally, it is the responsibility of the Board to assess the adequacy of the Company's internal control systems and that its financial affairs comply with applicable laws, regulations and professional practice. The Managing Director and the Company Secretary declare in writing to the Board that the financial reporting, risk management and associated compliance controls have been assessed and found to be operating efficiently and effectively.

The Managing Director and the Company Secretary make this representation prior to the Directors' approval of the release of the annual and six monthly accounts. This representation is made after enquiry of, and representation by, appropriate levels of management.

Council Principle 8: Remunerate fairly and responsibly

The Board's policy is to remunerate Executive and Non-Executive Directors based on external data including information published by various recruiting firms, the time commitment of Directors, the size and scale of the Company's operations, the quantum of the tasks in the initial phases of development of the Company, market capitalisation and various other factors.

The Company distinguishes the structure of Non-Executive Directors' remuneration from that of Executive Directors.

There are no elements of remuneration related to performance paid to Non-Executive Directors and there are currently no schemes for retirement benefits for Non-Executive Directors. Non-Executive Director's fees are determined within an aggregate pool limit, which is periodically recommended for approval by shareholders. The maximum pool currently stands at $350,000.

Remuneration Committee

The Company has established a Remuneration Committee so that it can efficiently focus on appropriate remuneration strategies. The Remuneration Committee is structured such that it:

- is chaired by an independent director;
- consists of a majority of independent directors; and
- has at least 3 members.

Under its charter, the Remuneration Committee's role and responsibilities are:

- to review executive remuneration, recruitment, retention and termination procedures and protection for executive officers, and the remuneration framework for Directors;
- to consider all other issues referred to the Committee by the Board; and
- to make recommendations to the Board on matters which are the subject of the Committee's deliberations.

The Remuneration Committee meets as often as required to carry out its role and responsibilities. It is expected that ordinarily this will be at least twice per year.

CORPORATE GOVERNANCE STATEMENT - CONTINUED

Remuneration Structure

The Company has established a policy to clearly distinguish the remuneration of non-executive director's from that of executive directors and senior executives. Remuneration is based on external data including information published by various recruiting firms, the time commitment of Directors, the size and scale of Admiralty's operations, the quantum of the tasks in the initial phases of development of the Company, market capitalisation and various other factors.

Annual Corporate Governance Review

At least annually, the Board reviews the Company's corporate governance framework and processes including:

- the composition of the Board and Board Committees; and
- the guidelines covering Board Membership and Operation, the charters of Board Committees, and other relevant policies.

Admiralty Resources NL's corporate governance practices were in place for the financial year ended 30 June 2015 and to date of signing the Director's report.

Various Corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by Admiralty Resources NL, please refer to our website: **www.ady.com.au**.

DIRECTORS' REPORT

The Directors of Admiralty Resources NL submit the annual financial report of the Company for the financial year ended 30 June 2015 which comprises the results of Admiralty Resources NL and the entities it controlled during the year.

DIRECTORS

The names and details of the Directors of Admiralty Resources NL ("Company") in office during the financial year and until the date of this report are set out below. Directors have been in office for the entire period unless otherwise stated.

Bin Li	Non-Executive Chairperson/Non-Executive Director (appointed Non-Executive Director 22 September 2014 and appointed Non-Executive Chairperson 26 February 2015)
Qing Zhong	Managing Director
Hanrui Zhong	Non-Executive Director
Aiping Wang	Non-Executive Chairperson (resigned 30 January 2015)
Scott Bennison	Non-executive Director (resigned 28 November 2014)
Alan Beasley	Non-executive Director (resigned 28 November 2014)
Jarrod White	Company Secretary (appointed 1 October 2014)
Robert Kineavey	Company Secretary (resigned 1 October 2014)

Managing Director and Chief Executive Officer

Mrs Qing Zhong is Managing Director and Chief Executive Officer.

Company Secretaries

Mr Jarrod White (appointed 1 October 2014)
Mr Robert Kineavy (resigned 1 October 2014)

BOARD OF DIRECTORS

The names and particulars of the Directors of the Company during or since the end of the financial year are:

Qing Zhong

Managing Director and Chief Executive Officer

Ms Zhong is the Managing Director and Chief Executive Officer of the company and held these positions for the entire 2015 financial year.

In addition Ms Zhong is a Director of Sino Investment & Holdings Pty Ltd who is a cornerstone investor in Admiralty Resources NL. She is also a Director of a number of unlisted Australian companies that have significant investments in the property market and the mining industry.

Ms Zhong's special responsibilities include appointment to the Audit and Risk Committee.

DIRECTORS' REPORT CONTINUED

Bin Li

Non-Executive Chairperson

Mr Li was appointed to the Board on 22 September 2014 as a Non-Executive Director. On 26 February 2015 Mr Li was appointed as Non-Executive Chairperson.

Mr Li is a senior mining engineer with over 25 years' experience in metallurgy and a graduate of mining and metallurgy from the Jiang Xi Metallurgy University and has brought this relevant technical experience with him to the Board.

His past appointments include being Vice-Director of the Yang Shan iron mine and Mine Director at Shuang Qi Hill where he was in charge of the establishment of the metallurgical plant and gold mine in the Fu Jian Province. Other current appointments included his Chairmanship of Wan Qi Technology Limited and Xia Men Si Mai Da Investment Limited.

Mr Li has no special responsibilities in the company.

Hanrui Zhong

Non-Executive Director

Mr Zhong was appointed to the Board on 21 June 2013.

Mr Zhong has a Master's Degree in Economics and extensive experience in executive positions in China and Hong Kong. During his career, Mr Zhong has been responsible for capital management and mining investments in China, Mexico and Australia. Mr Zhong is currently a director of Taishan Resources Company in Mexico and a Director of Jin Xin Investments Pty Limited, a shareholder of Admiralty Resources NL.

Mr Zhong had no special responsibilities in the company.

Aiping Wang

Non-Executive Chairperson

Ms Wang was appointed to the Board on 21 May 2013 as an independent non-executive Director following the general meeting of members on 21 May 2013. Ms Wang resigned from the Board on 30 January 2015.

Scott Bennison Bbus, Dip FP, JP, CA

Non-Executive Director

Mr Bennison was appointed to Board on 26 June 2013 as a Non-Executive Director. Mr Bennison resigned from the board on 28 November 2014.

Alan Beasley

Non-Executive Director

Mr Beasley was appointed to Board on 16 December 2013 as a Director and Non-Executive Chairman (16 December 2013 to 23 June 2014). Mr Beasley resigned from the board on 28 November 2014.

DIRECTORS' REPORT CONTINUED

COMPANY SECRETARIES

Jarrod Travers White, B. Bus, CA, CTA

Company Secretary

Mr White was appointed as Company Secretary on 1 October 2014.

Mr White is a Chartered Accountant and Director of Traverse Accountants Pty Ltd. Mr White has been associated with Admiralty Resources NL since January 2014 when he was engaged as the external consultant providing corporate, financial, and taxation services to the Company.

In conjunction with his Corporate Advisory roles Mr White has been appointed Company Secretary and Chief Financial Officer of several other listed entities that operate on the Australian Securities Exchange and London Stock Exchange and has a strong knowledge of corporate governance and compliance.

Robert Kineavy

Company Secretary

Mr Kineavy was appointed as Company Secretary of the Group on 13 December 2013 and resigned on 1 October 2014.

REMUNERATION REPORT – AUDITED

Remuneration policy for Directors and executives

The matters of remuneration for Directors are usually dealt with by the Board of Directors and are determined according to merit and market considerations. Remuneration levels are not directly linked to the performance of the consolidated entity.

Remuneration

The Board's policy is to remunerate executive and non-executive Directors based on external data including information published by various recruiting firms, the time commitment of Directors, the size and scale of Admiralty's operations, the quantum of the tasks in the initial phases of development of the Company, market capitalisation and various other factors.

Director and executive details

The Directors and executives of Admiralty Resources NL during or since the end of the financial year were:

Bin Li	Non-Executive Chairperson (appointed Director 22 September 2014 and Non-Executive Chairperson 26 February 2015)
Qing Zhong	Managing Director
Hanrui Zhong	Non-Executive Director
Aiping Wang	Non-Executive Chairperson (resigned 30 January 2015)
Scott Bennison	Non-Executive Director (resigned 28 November 2014)
Alan Beasley	Non-Executive Director (resigned 28 November 2014)

DIRECTORS' REPORT CONTINUED

Remuneration Report – Audited

Jarrod White	Company Secretary (appointed 1 October 2014)
Robert Kineavy	Company Secretary (resigned 1 October 2014)

Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered.

	Duration of Contract	*Termination Notice of Contract*	*Termination Payment provided under Contract*
Executives			
Qing Zhong *(1)*	N/A	N/A	Nil
Non – executives			
Bin Li *(2)*			
Hanrui Zhong *(3)*	N/A	N/A	Nil
Aiping Wang *(4)*	N/A	N/A	Nil
Scott Bennison *(5)*	N/A	N/A	Nil
Alan Beasley *(6)*	N/A	one month	one month
Jarrod White *(7)*	N/A	N/A	Nil
Robert Kineavy *(8)*	N/A	N/A	Nil

(1) *Mrs Zhong's total remuneration package was $120,000 pa commencing from 1 July 2014. The remuneration package consists of two components, (1) Directors fee of $24,000 pa plus superannuation and (2) Service fee via related entity Jin Xin International Pty Limited of $96,000 pa.*

(2) *Mr Li's total remuneration package was $40,000 pa commencing on 1 October 2014.*

(3) *Mr Zhong's total remuneration package was $40,000 pa commencing 1 July 2014.*

(4) *Mrs Wang's total remuneration package was $US40,000 pa. Mrs Wang resigned as non-executive chairperson on 30 January 2015 and was renumerated to that date.*

(5) *Mr Bennison's total remuneration package was $40,000 pa commencing 1 July 2014. Mr Bennison resigned as non-executive director on 28 November 2014 and was renumerated to that date.*

(6) *Mr Beasley's chairman services ceased on 23 June 2014 and in accordance with the termination clauses contained in his service contract was paid one month's notice. Mr Beasley resigned as non-executive director on 28 November 2014 and was not a paid officer of the company to that date.*

(7) *Mr White was appointed as company secretary on 1 October 2014. Mr White's service fee during the year was $37,240.*

(8) *Mr Kineavy's service fee per month was $3,000. Mr Kineavy resigned as company secretary on 1 October 2014 and was remunerated to that date.*

Non – executive Directors

Fees and payments to non-executive Directors reflect the demands, which are made on, and the responsibilities of, the Directors. The Board reviews the fees annually and all remuneration is fixed. Non–executive Director's fees are determined within an aggregate Director's pool limit, which is periodically recommended for approval by shareholders. The maximum pool currently stands at $350,000.

Short - term incentives

Remuneration packages include the key elements of wages, consulting fees and retirement benefits.

DIRECTORS' REPORT CONTINUED

Remuneration Report – Audited

Retirement benefits

Other than statutory superannuation, there are currently no other retirement allowances for Directors.

Executive remuneration

Fees and payments to executives reflect the demands which are made on, and the responsibilities of the executive and all remuneration is fixed. The company did not engage a remuneration consultant during the year.

Voting and comments made at the company's 28 November 2014 Annual General Meeting ('AGM')

The company received 96.10% of 'for' votes in relation to its remuneration report for the year ended 30 June 2014. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Elements of remuneration related to performance

There are currently no elements of remuneration related to performance.

The following table discloses the remuneration of the key Executives and Directors of the consolidated entity:

			Short – Term		
	Salary & Fees	*Retirement Benefits*	*Non-monetary Share Based Payments*	*Consisting of Share Based Payments*	*Total*
2015	*$*	*$*	*$*	*%*	*$*
Bin Li *(1)*	30,000	-	-	-	30,000
Qing Zhong *(2)*	120,000	2,280	-	-	122,280
Hanrui Zhong *(3)*	40,000	-	-	-	40,000
Aiping Wang *(4)*	25,513	-	-	-	25,513
Scott Bennison *(5)*	16,666	-	-	-	16,666
Alan Beasley *(6)*	-	-	-	-	-
Jarrod White *(7)*	37,240	-	-	-	37,240
Robert Kineavy *(8)*	9,000	-	-	-	9,000
Total	**278,419**	**2,280**	**-**	**-**	**280,699**

(1) *Mr Li's remuneration package was $40,000 pa, commencing on 1 October 2014.*

(2) *Mrs Zhong's remuneration package consists of two components, (1) Directors fee of $24,000 pa plus superannuation and (2) Service fees for managing director services paid to related entity Jin Xin International Pty Limited of $96,000 pa.*

(3) *Mr Zhong's remuneration package was $40,000 pa commencing on 1 July 2014.*

(4) *Mrs Wang's remuneration package was US$40,000 pa. Mrs Wang resigned as non-executive chairperson on 30 January 2015 and was renumerated to that date.*

(5) *Mr Bennison's total remuneration package was $40,000 pa commencing 1 July 2014. Mr Bennison resigned as non-executive director on 28 November 2014 and was renumerated to that date.*

(6) *Mr Beasley's chairman services ceased on 23 June 2014 and in accordance with the termination clauses contained in his service contract was paid one month's notice at this date. Mr Beasley resigned as non-executive director on 28 November 2014 and was not a paid officer of the company to that date.*

DIRECTORS' REPORT CONTINUED

Remuneration Report – Audited

(7) *Mr White was appointed as company secretary on 1 October 2014. Mr White's service fee during the year was $37,240.*

(8) *Mr Kineavy's service fee per month was $3,000. Mr Kineavy resigned as company secretary on 1 October 2014 was renumerated to that date.*

			Short – Term		
2014	***Salary & Fees $***	***Retirement Benefits $***	***Non-monetary Share Based Payments $***	***Consisting of Share Based Payments %***	***Total $***
Aiping Wang*(1)*	41,223	-	-	-	41,223
Qing Zhong *(2)*	21,515	-	-	-	21,515
Hanrui Zhong *(3)*	68,182	925	-	-	69,107
Scott Bennison *(4)*	50,000	-	20,000	-	70,000
Alan Beasley *(5)*	36,800	4,200	-	-	41,000
David Karpin *(6)*	12,500	-	20,000	-	32,500
Zexing Ling *(7)*	-	-	-	-	-
Hongbiao Xu *(8)*	105,018	-	-	-	105,018
Robert Kineavy *(9)*	21,000	-	-	-	21,000
Blair Lucas *(10)*	113,578	-	-	-	113,578
Total	**469,816**	**5,125**	**40,000**	**-**	**514,941**

(1) *Mrs Wang's remuneration package was US$40,000pa commencing from 1 July 2013.*

(2) *Mrs Zhong's remuneration package consists of two components, (1) Directors fee of $40,000 pa and (2) Service fees for managing director services paid to related entity Jin Xin International Pty Limited of $96,000 pa (from date of appointment as Managing Director on 4 June 2014).*

(3) *The Service Agreement for Mr Zhong commenced on 1 November 2013. Mr Zhong's remuneration is $120,000pa plus Superannuation. Throughout the year the remuneration package consisted of two components, (1) Directors fee of $24,000 and (2) Service fee via related entity Jin Xin International Pty Limited of $96,000 pa which has now ceased (applied dated ceased as Managing Director through to 4 June 2014).*

(4) *Service Agreement for Mr Bennison commenced on 1 July 2013. Mr Bennison's remuneration is $70,000pa consisting of $50,000 cash payments and 1,111,111 ordinary shares that were approved at the 2013 Annual General Meeting. Mr Bennison's service agreement has been reduced to $40,000pa from 1 July 2014.*

(5) *Service Agreement for Mr Beasley commenced on 16 December 2013. Mr Beasley's remuneration is $60,000 plus GST and Superannuation. Mr Beasley's contract for chairman services was terminated on 23 June 2014.*

(6) *Mr Karpin resigned from the Board on 11 December 2013. Mr Karpin's total remuneration package was $50,000 pa commencing 1 July 2013 consisting of $30, 000 salary and 1,111,111 ordinary shares issued at market value that was approved at the last Annual General Meeting.*

(7) *Mr Ling was not a paid officer or employee of the company.*

(8) *Mr Xu's total remuneration package was $US100,000 and commenced 31 July 2013 before termination on 3 June 2014.*

(9) *Mr Kineavy resigned as company secretary on 1 October 2014.*

(10) *Mr Lucas resigned as company secretary on 13 December 2013.*

DIRECTORS' REPORT CONTINUED

Remuneration Report – Audited

KMP Shareholdings

The number of ordinary shares in the Company held by each KMP of the Group during the financial year is as follows:

30 June 2015	Balance at Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other Changes during the Year (i)	Balance at End of Year
Bin Li (ii)	-	-	-	25,000,000	25,000,000
Qing Zhong	126,348,067	-	-	70,501,898	196,849,965
Hanrui Zhong	27,290,067	-	-	70,501,898	97,791,965
Scott Bennison(iii)	1,204,861	-	-	-	1,204,861
Aiping Wang(iii)	4,069,000	-	-	-	4,069,000
Alan Beasley(iii)	-	-	-	-	-
Jarrod White	-	-	-	-	-
Robert Kineavy	-	-	-	-	-
Total	**158,911,995**	-	-	**166,003,796**	**324,915,791**

30 June 2014	Balance at Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other Changes during the Year (i)	Balance at End of Year
Aiping Wang	4,069,000	-	-	-	4,069,000
Qing Zhong (ii)	-	-	-	126,348,067	126,348,067
Hanrui Zhong	25,961,067	-	-	1,329,000	27,290,067
Scott Bennison	-	1,111,111	-	93,750	1,204,861
Alan Beasley	-	-	-	-	-
David Karpin(iii)	-	1,111,111	-	-	1,111,111
Zexing Ling (iii)	-	-	-	-	-
Bin Li	-	-	-	-	-
Hongbiao Xu	-	-	-	-	-
Blair Lucas	-	-	-	-	-
Robert Kineavy	-	-	-	-	-
Total	**30,030,067**	**2,222,222**	-	**127,770,817**	**160,023,106**

i. Other changes refer to shares purchased or sold during the financial year
ii. Or balance held at date of appointment to Board of Directors
iii. Or balance held at date of resignation from Board of Directors

<u>Value of shares and options granted to Directors and Executives</u>

As a result of the rights issue, 20,761,500 shares at 2 cents ($415,230) were issued to directors after 30 June 2015.

No shares or options were issued a part of the Director's and/or Executives remuneration in the 2015 Financial Year.

DIRECTORS' REPORT CONTINUED

Remuneration Report – Audited

Additional Information

The earnings of the consolidated entity for the five years to 30 June 2015 are summarised below:

	2015 $	2014 $	2013 $	2012 $	2011 $
Revenue	60,397	45,710	590,246	422,673	203,491
EBITDA	(4,020,981)	(2,900,936)	(2,858,208)	(2,387,562)	(2,534,137)
EBIT	(4,053,249)	(2,931,240)	(20,994,004)	(15,306,906)	(2,333,009)
(Loss)/profit after Tax	(4,449,715)	(3,145,061)	(21,177,925)	(15,306,906)	14,415,673

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2015 $	2014 $	2013 $	2012 $	2011 $
Share price at financial year end ($A)	1.9 cents	1.2 cents	2 cents	4 cents	5 cents
Total dividends declared (cents per share)	Nil	Nil	Nil	Nil	Nil
Basic loss per share (cents per share)	(0.48)	(0.43)	(2.90)	(2.45)	2.84

This concludes the remuneration report which is audited.

DIRECTORS' REPORT CONTINUED

OPERATING AND FINANCIAL REVIEW

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.

Operating Results

The consolidated total comprehensive loss of the economic entity amounted to $4,442,043 (2014 loss: $3,239,624). Please refer to the Review of Operations section for more details.

REVIEW OF OPERATIONS

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

Admiralty's flagship projects are its iron ore districts in Chile: Harper South, Pampa Tololo and El Cojin. The districts are located in prime locations, with close and easy access to the Pan-American Highway (a major national 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.

<u>Chile</u>

<u>Harper South District</u>

The Harper South district ("Harper South") lies 15 km south west of the city of Vallenar in the Atacama Region of Chile, covers an area of approximately 2,498 hectares, where exploration to date has identified six targets via high-resolution ground magnetic surveys: Mariposa, Soberana, La Chulula, Negrita, Mal Pelo and La Vaca.

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

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

DIRECTORS' REPORT CONTINUED

Mariposa

Mariposa is Admiralty's most developed target showing resources, as announced on 25 January 2013. The following table shows Mineral Resource Statement quantifies the resources at Mariposa at 174.5 Mt at 24.5% Fe at a cut-off grade of 15% Fe in the Measured, Indicated and Inferred categories as follows[1]:

Cut-off grade FeT %	Measured Resources (Mt)	Indicated Resources (Mt)	Inferred Resources (Mt)	Total Resources (Mt)	Average FeT (%)	Average FeMag (%)
15	**43.4**	**7.6**	**123.5**	**174.5**	**24.5**	**18.0**

1) *Refer to ASX announcement of 25 January 2013 for full details of the updated resource estimation*

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 and was prepared in accordance with the guidelines of the JORC Code (2004) and is as follows:

Cut-off grade FeT %	Measured Resources (Mt)	Indicated Resources (Mt)	Inferred Resources (Mt)	Total Resources (Mt)	Average FeT (%)
15	**-**	**-**	**90.2**	**90.2**	**24.5**

Refer to ASX announcement of 15 January 2013 for full details of the updated resource estimation.

Dry magnetic separation process

Our magnetite iron ores in Chile requires beneficiation before shipping in order to reduce freight costs. Lack of immediately available water drives us towards using a dry magnetic separation

DIRECTORS' REPORT CONTINUED

process. Maximising the metallurgical recovery of our iron in this process is highly advantageous. Fortunately, the use of a dry magnetic separation process also delivers two other positive outcomes – low environmental impact and low capital costs.

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.

<u>La Chulula</u>

La Chulula is a project located 15km south of the city of Vallenar, III Region, Chile. La Chulula was marked as a high priority target for Admiralty following the results of the 3-D inversion and interpretation of the results of the high-resolution ground magnetic survey undertaken in 2011, which showed La Chulula as the ore body with highest susceptibility and depth within Harper South.

Drilling programmes

These results were followed up by a 600m diamond drilling test hole in February 2012 and a 7,952m of reverse circulation ("RC") drilling, divided in three campaigns, throughout June 2012 to January 2013 as follows:

- Maiden RC campaign of 2,748m covering 10 holes with depths between 200-350m in June and July 2012;
- Second RC campaign of 3,772m covering 16 holes depths between 150m-314m, completed during September and October 2012;
- A final RC campaign of 1,432m covering 6 holes between 130-342m depth took place in December 2012-January 2013. The purpose of this campaign was to do infill drilling in non-covered areas or areas of interest and test the depth of the ore body.

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.

DIRECTORS' REPORT CONTINUED

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)
TOTAL	**43.4**	**7.6**	**309.7**	**360.7**	**24.4**	

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Rights issue

The group successfully completed a rights issue on 25 August 2015 issuing 48,815,571 new shares. The rights issue successfully raised $976,311 at the offer price of 2 cents per share. The proceeds will be used to repay corporate debt and working capital.

Favourable Environmental Qualification – 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. The Commission certified that the project complied with the requirements of environmental nature as contained in Environmental Permits 88, 91, 93, 94, 96, 99 and 106 as listed in the items of the Regulation of the System of Environmental Impact Evaluation.

The Commission certified that the project will not generate any effects, characteristics and circumstances provided in Article 11 of Law No. 19,300 that give rise to the need for an environmental impact study.

Furthermore the commission assessed the project on an assumed workforce of 245 people and annual production of 540,000 tons of iron concentrate grading 64% FeT by means of a process of crushing and magnet separation.

This Environmental Qualification for Soberana, enhances the value of the project and brings it closer to the readiness for production at an appropriate time.

Cooperation Agreement – Mariposa Project

The Company negotiated 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.

DIRECTORS' REPORT CONTINUED

There have been no significant events subsequent to reporting date other than what has been stated above.

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid during the year, nor are any recommended at 30 June 2015 (2014: nil).

FINANCIAL POSITION

The net assets of the economic entity have decreased by $1,310,556 from 30 June 2014 to 30 June 2015. The decrease has largely resulted from the following factors:

- Decrease in mining interests from $19.1m to $18.6m
- Increase in borrowings from $2.5m to $3.3 m

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year there was no significant change in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

MEETINGS OF DIRECTORS

During the financial year, 8 Directors' meetings were held. Attendances at the meetings were as follows:

	Board of Directors		*Remuneration Committee*		*Audit and Risk Committee*		*Finance Committee*	
	Held(1)	*Attended*	*Held(1)*	*Attended*	*Held(1)*	*Attended*	*Held (1)*	*Attended*
Bin Li	5	4	-	-	-	-	-	-
Qing Zhong	8	8	-	-	1	1	-	-
Hanrui Zhong	8	8	-	-	-	-	-	-
Scott Bennison	5	5	-	-	1	1	-	-
Aiping Wang	5	4	-	-	-	-	-	-
Alan Beasley	5	5	-	-	-	-	-	-

(1) *The number of meetings held in the year which the Director was eligible to attend.*

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

DIRECTORS' REPORT CONTINUED

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The company is re-focusing its direction to enhance shareholder value by establishing strong relationships in China and is working to build a management team suited to the new direction of Admiralty. The company plans to use new partnerships in China to enhance published resources and reserves in Chile and work increase access to infrastructure.

ENVIRONMENTAL REGULATIONS

The consolidated entity aims to ensure that the highest standard of environmental care is achieved. The Board maintains the responsibility to ensure that the consolidated entity's environmental policies are adhered to and the consolidated entity is aware of and is in compliance with all relevant environmental legislation. There have been no environmental breaches during the 2015 financial year.

INDEMNIFICATIONS OF OFFICERS AND AUDITORS

During or since the end of the financial year, the Company has not indemnified or made a relevant agreement to indemnify an Officer or Auditor of the Company or of any related body corporate against a liability incurred as such an Officer or Auditor. The Company has paid a premium for a policy of insurance to cover legal liability and expenses in the event of any legal action against an Officer arising from their actions as Officers of the Company. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

NON-AUDIT SERVICES

The Board, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The Directors are satisfied that the services disclosed below did not compromise the independence of the external auditor for the following reasons:

- all non-audit services are reviewed and approved by the Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the audit services do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

During the year, no non-audit services were provided by BDO East Coast Partnership, the Company's Auditors (2014: Nil).

DIRECTORS' REPORT CONTINUED

AUDITORS INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on page 31 of the Annual Report.

CORPORATE GOVERNANCE

The Directors recognises the Australian Securities Exchange Corporate Governance Council's Principles Recommendations and considers that the Company substantially complies with those guidelines. The Corporate Governance Statement and disclosures of the Company are contained on pages 4 to 14 of the Annual Report.

Signed in accordance with a resolution of the Board of Directors made pursuant to s298 (2) of Corporations Act 2001.

On behalf of the Directors

Qing Zhong
Managing Director
30 September 2015

DIRECTORS' DECLARATION

DIRECTORS' DECLARATION

1. the financial statements and notes, as set out on pages 32 to 73 are in accordance with the *Corporations Act 2001* and:

a. company with Accounting Standards and other mandatory professional reporting requirements, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

b. give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the consolidated group;

2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

3. the directors have been given the declaration required by s.295A of the *Corporations Act 2001* from Chief Executive Officer and Chief Financial Officer.

Qing Zhong
Managing Director
30 September 2015

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DECLARATION OF INDEPENDENCE BY ALEX SWANSSON TO THE DIRECTORS OF ADMIRALTY RESOURCES NL

As lead auditor of Admiralty Resources NL for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Admiralty Resources NL and the entities it controlled during the period.

Alex Swansson
Partner

BDO East Coast Partnership

Melbourne, 30 September 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Consolidated Group 2015 $	2014 $
Revenue			
Interest	3	1,755	22,983
Other Income	3	58,642	22,727
Expenses			
Administration expenses		800,319	416,737
Non-Recoverable VAT		-	62,912
Bad debt expenses		6,770	-
Consultancy and professional expenses		1,556,869	965,166
Depreciation expense	4	32,267	30,304
Exploration expenses		66,727	55,311
Employee benefits expense	4	595,689	681,191
Finance costs	4	396,466	213,821
Impairment of assets	4	581,513	-
Legal costs		-	28,660
Occupancy expenses		151,702	97,182
Tenement expenses		35,632	127,684
Travel expenses		286,158	511,803
Loss before income tax		**(4,449,715)**	**(3,145,061)**
Tax expense	5	-	-
Loss after income tax for the year		**(4,449,715)**	**(3,145,061)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from foreign operations	24	7,672	(94,563)
Total other comprehensive income for the year		7,672	(94,563)
Total comprehensive income for the year		(4,442,043)	(3,239,624)
Loss after income tax attributable to:			
Members of the parent entity		**(4,449,715)**	**(3,145,061)**
Total comprehensive income attributable to:			
Members of the parent entity		**(4,442,043)**	**(3,239,624)**
Loss per share			
Basic and diluted loss per share (cents)	8	(0.48)	(0.43)

Notes to the financial statements are included on pages 37 to 73.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	Consolidated Group 2015 $	2014 $
ASSETS			
Current Assets			
Cash and cash equivalents	9	648,040	771,707
Trade and other receivables	10	114,279	71,064
Total Current Assets		**762,319**	**842,771**
Non-Current Assets			
Property, plant and equipment	12	331,645	363,912
Mining interests	13	18,664,270	19,138,897
Total Non-Current Assets		**18,995,915**	**19,502,809**
Total Assets		**19,758,234**	**20,345,580**
LIABILITIES			
Current Liabilities			
Trade and other payables	14	625,838	614,132
Borrowings	15	3,254,012	-
Total Current Liabilities		**3,879,850**	**614,132**
Non-Current Liabilities			
Borrowings	15	-	2,542,508
Total Non-Current Liabilities		**-**	**2,542,508**
Total Liabilities		**3,879,850**	**3,156,640**
Net Assets		**15,878,384**	**17,188,940**
EQUITY			
Issued capital	16	143,237,430	140,105,943
Reserves	24	(555,129)	(562,801)
Accumulated losses		(126,803,917)	(122,354,202)
Total Equity		**15,878,384**	**17,188,940**

Notes to the financial statements are included on pages 37 to 73.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

	Note	Contributed Equity $	Convertible Note Equity Reserve $	Foreign Currency Reserve $	Accumulated Losses $	Total Equity $
Balance at 1 July 2013		139,828,649	212,980	(681,218)	(119,209,141)	20,151,270
Comprehensive income						
Loss after income tax		-	-	-	(3,145,061)	(3,145,061)
Other comprehensive income for the year	24	-	-	(94,563)	-	(94,563)
Total comprehensive income for the year		**-**	**-**	**(94,563)**	**(3,145,061)**	**(3,239,624)**
Transactions with owners, in their capacity as owners						
Issue of share capital net of transaction costs	16	277,294	-	-	-	277,294
Total transactions with owners and other transfers		277,294	-	-	-	277,294
Balance at 30 June 2014		**140,105,943**	**212,980**	**(775,781)**	**(122,354,202)**	**17,188,940**

Notes to the financial statements are included on pages 37 to 73.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – CONTINUED

FOR THE YEAR ENDED 30 JUNE 2015

	Note	Contributed Equity $	Convertible Note Equity Reserve $	Foreign Currency Reserve $	Accumulated Losses $	Total Equity $
Balance at 1 July 2014		140,105,943	212,980	(775,781)	(122,354,202)	17,188,940
Comprehensive income						
Loss after income tax		-	-	-	(4,449,715)	(4,449,715)
Other comprehensive income for the year	24	-	-	7,672	-	7,672
Total comprehensive income for the year		**-**	**-**	**7,672**	**(4,449,715)**	**(4,442,043)**
Transactions with owners, in their capacity as owners						
Issue of share capital net of transaction costs	16	3,131,487	-	-	-	3,131,487
Total transactions with owners and other transfers		3,131,487	-	-	-	3,131,487
Balance at 30 June 2015		**143,237,430**	**212,980**	**(768,109)**	**(126,803,917)**	**15,878,384**

Notes to the financial statements are included on pages 37 to 73.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Consolidated Group 2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	-
Exploration and development expenses		(66,727)	-
Payments to suppliers and employees		(2,982,699)	(2,393,863)
Interest received		1,755	22,983
Finance costs paid		(149,091)	(130,313)
Net cash used in operating activities	20a	**(3,196,762)**	**(2,501,193)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration expenditure on mining interests		(106,886)	(226,908)
Purchase of property, plant and equipment		-	(86,380)
Net cash used in investing activities		**(106,886)**	**(313,288)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity securities net of costs	16	3,131,487	277,294
Proceeds from borrowings		-	1,076,125
Net cash provided by financing activities		**3,131,487**	**1,353,419**
Net decrease in cash and cash equivalents		(172,161)	(1,461,062)
Cash and cash equivalents at beginning of financial year		771,707	2,199,808
Effects of exchange rate changes on the translation of foreign controlled entities		48,494	32,961
Cash and cash equivalents at end of financial year	9	**648,040**	**771,707**

Notes to the financial statements are included on pages 37 to 73.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF ACCOUNTING POLICIES

General information

Admiralty Resources NL ("the Company") is a for-profit, public company listed on the Australian Securities Exchange (trading under the symbol ADY), incorporated in Australia and operating in Australia, Chile and Hong Kong.

The financial report covers Admiralty Resources NL as a consolidated entity consisting of Admiralty Resources NL and the entities it controls. The financial report is in Australian dollars which is Admiralty's functional and presentation currency. The financial report consists of the financial statements, notes to the financial statements and the director's declaration.

Statement of compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"). The financial statements were authorised for issue by the Directors on 30 September 2015.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.

The adoption of these amendments has not had a material impact on the consolidated entity as these merely clarify the existing requirements the requirements of AASB 132.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. This Standard revises the disclosure requirements in AASB 136. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. In addition, a further requirement has been included to disclose the discount rates that have been used in the current and previous measurements if the recoverable amount of impaired assets based on fair value less costs of disposal was measured using a present value technique. The intention of this amendment is to harmonise the disclosure requirements for fair value less costs of disposal and value in use when present value techniques are used to measure the recoverable amount of impaired assets.

The adoption of these amendments has not had a material impact on the consolidated entity as these predominately relate to the clarification of existing requirements.

AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles)

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the IASB of International Financial Reporting Standards Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2010-2012 Cycle:

- clarify that the definition of a ‘related party’ includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

- amend AASB 8 Operating Segments to explicitly require the disclosure of judgements made by management in applying the aggregation criteria

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2011-2013 Cycle clarify that an entity should assess whether an acquired property is an investment property under AASB 140 Investment Property and perform a separate assessment under AASB 3 Business Combinations to determine whether the acquisition of the investment property constitutes a business combination.

Part A of AASB 2014-1 is applicable to annual reporting periods beginning on or after 1 July 2014.

The adoption of these amendments has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

Basis of Preparation

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 2.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a. Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the entities controlled by the Company at the end of the reporting period and the results for all subsidiaries for the year ended 30 June 2015. The Company and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'. Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date of control ceases.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 11 to the financial statements.
In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated group have been eliminated in full, on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

b. Income Tax

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

c. Property, Plant and Equipment

Each class of property, plant and equipment is carried at historical cost where applicable, less, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are carried at cost less accumulated depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the historical cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all property, plant and equipment including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a diminishing value basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of property, plant and equipment	Depreciation Rate
Property	2%
Plant and equipment	5%-25%
Office furniture and equipment	8%-33%
Motor vehicles	15%-25%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise.

d. Mining Interests

Mining interests are shown at historical cost plus exploration costs to date, less impairment, if any. Ultimate recoupment of these costs is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas. Accumulated costs in relation to an abandoned area, or one considered to be of no commercial interest, are written off in full against profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area accordingly to the rate of depletion of economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

e. Exploration and Development Expenditure and Provision for make-good of mine sites

Australian Tenements

Due to the significant uncertainty that exists in respect of the prospects of success of the Group's exploration activities being undertaken in Australia, the directors have determined that the most appropriate treatment of expenditure on these tenements is to expense as incurred.

Chilean Tenements

The exploration in Chile is on highly prospective tenements which include an existing resources statement and as such all exploration and evaluation expenditures incurred are capitalised in respect of each identifiable area of interest as mining interests. The directors are satisfied that the expenditure on these tenements meets the requirements of AASB 6 "Exploration for and Evaluation of Mineral Resources" in that the rights to tenure of the area of interest are current and at least one of the following conditions is met for each area of interest:

- The exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- Exploration and evaluation activities in the area of interest have not at the end of the reporting period reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

The group recognises the present value of the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation is incurred. Typically the obligation arises when the ground/environment is disturbed at the mine location and is calculated on a site by site basis with reference to the actual work required. When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related mining interests. Additional disturbances or changes in make-good of mine costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred. The carrying amount capitalised as a part of mining assets is amortised over the life of the mine.

f. Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

g. Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) *Available-for-sale investments*

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified to profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) *Financial Liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

h. Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

i. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

j. Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

k. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Contributions to defined contribution superannuation plans are expensed in the period incurred.

l. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

m. Revenue and Other Income

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest revenue is recognised using the effective interest method.

All revenue is stated net of the amount of goods and services tax.

n. Trade and Other Receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(h) for further discussion on the determination of impairment losses.

o. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. Due to their short term nature, they are measured at amortised cost and not discounted.

p. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

q. Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to the owners of the Group excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financial costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to the dilutive potential ordinary shares.

r. Going Concern

The Consolidated Entity incurred a loss for the year of $4,449,715 (2014: $3,145,061), had net cash outflows from operating activities of $3,196,762 (2014: $2,501,193) and net assets being $15,878,384 (2014: $17,188,940) at the reporting date. The ability of the consolidated entity to continue as a going concern is dependent on a number of factors, one being the continuation and availability of funds. These conditions indicate material uncertainties that may cast significant doubt about the consolidated entity's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, which anticipates the continuation of normal trading activities and realisation of assets and settlement of liabilities in the ordinary case of business.

The directors have reviewed the Company's overall position and outlook in respect of the matters identified above and are of the opinion that the use of the going concern basis is appropriate in the circumstances for the following reasons:

- On 12 June 2015 the Company entered into a pro rata rights issue. To date, the group has raised gross proceeds of $976,311 and closed in August 2015. The Directors have the ability to raise additional funding under the terms of the rights issue for a period of up to three months from the date of closure. As at the current day the directors are confident of additional shortfall placement shares being issue under the same terms as the rights issue which would make up a substantial amount of the shortfall;
- In addition, the Directors have been working to minimise cash out flows associated with the expiry of the convertible note arrangements in place, through a renegotiation of convertible note terms and encouraging the conversion rather than repayment of cash proceeds;
- The Company is regularly monitoring its cash outflows by implementing a leaner management structure, engaging with skilled consultants on a contractual basis and reducing its exploration and capital expenditure.

Based on the consolidated entity successfully actioning the above, the directors believe that the consolidated entity will continue as a going concern. Should the Company be unable to continue as a going concern and capital raising initiatives were less than required, the Company may be required to realise its assets and extinguish its liabilities other than through the ordinary course of business and at amounts different to those stated in the financial report.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

The report does not include any adjustment relating to the recoverability and classification of asset carrying amounts or the amounts of liabilities that might result should the entity be unable to continue as a going concern and meet its debts as and when they become payable.

s. Financial Instruments Issued By the Company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Compound instruments

The component parts of compound instruments are classified separately as liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible debt. The equity component initially brought to account is determined by deducting the amount of the liability component from the amount of the compound instrument as a whole.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest

Interest is classified as an expense consistent with the classification in the Statement of Financial Position of the related debt.

Issue Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares of options are shown in equity as a deduction, net of tax, from the proceeds.

t. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Key judgments

(i) *Provision for impairment of assets*

The Directors recognised an impairment of multiple mining interests held in Admiralty Chile Pty Ltd of $518,513 in the current period (30 June 2014: NIL).

The directors have assessed trade and other receivables for impairment and determine that no impairment is required to be recognised in respect of these receivables.

(ii) *Exploration and evaluation expenditure*

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at $18,664,270 (2014: $19,138,897).

u. New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

- *AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting period commencing 1 January 2017)*

  AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The 2010 revisions introduce additional changes relating to financial liabilities.

  The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impractical at this stage to provide a reasonable estimate of such impact.

- *Other standards not yet applicable:*
  These standards are not expected to have a material impact on the entity in future reporting periods:

Standard/Interpretation	**Effective for annual reporting periods beginning on or after**	**Expected to be initially applied in the financial year ending**
AASB 15 Revenue from Contracts with Customers	1 January 2017	30 June 2018
AASB 2014-1 Amendments to Australian Accounting Standards	1 January 2016	30 June 2017
AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations	1 January 2016	30 June 2017
AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	30 June 2017
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	1 January 2015	30 June 2016
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)	1 January 2016	30 June 2017
AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010)	1 January 2016	30 June 2017

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016	30 June 2017
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	1 July 2015	30 June 2016
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	1 January 2016	30 June 2017
AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	1 January 2016	30 June 2017

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 2: PARENT ENTITY

	Consolidated Group	
	2015	2014
	$	$
The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.		
Statement of Financial Position		
ASSETS		
Current assets	574,779	691,960
Non-current assets	16,889,358	17,200,136
TOTAL ASSETS	17,464,137	17,892,096
LIABILITIES		
Current liabilities	464,464	536,540
Non-current liabilities	1,951,928	1,466,383
TOTAL LIABILITIES	2,416,392	2,002,923
NET ASSETS	15,047,745	15,889,173
EQUITY		
Issued capital	143,237,430	140,105,943
Reserves	212,980	212,980
Accumulated losses	(128,402,665)	(124,429,750)
TOTAL EQUITY	15,047,745	15,889,173
Statement of Profit or Loss and Other Comprehensive Income		
Loss after income tax	(3,972,915)	(4,298,955)
Total comprehensive loss	(3,972,915)	(4,298,955)

Guarantees

The Company has not entered into any guarantees, in the current or previous financial years, in relation to the debts of its subsidiaries.

Contingent Asset

Refer to note 18 for details of the contingent asset at 30 June 2015.

Contractual commitments

Payable – no later than one year	14,300	65,542
Payable – later than one year but not later than two years	-	11,011
	14,300	**76,553**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 3: REVENUE AND OTHER INCOME

	Note	Consolidated Group	
		2015	2014
		$	$
Revenue from continuing operations			
Other:			
– Interest income - bank		1,755	2,817
– Other income		-	20,166
		1,755	**22,983**
Other Income:			
– Gain on foreign exchange		58,642	22,727
		58,642	**22,727**

NOTE 4: LOSS FOR THE YEAR

	Note	Consolidated Group	
		2015	2014
		$	$
Loss before income tax from continuing operations includes the following specific expenses:			
a. **Expenses**			
Depreciation	12	32,267	30,304
Employee benefits expense:			
Wages, salaries and directors' fees		480,815	619,467
- Superannuation		51,676	40,201
- Other employee costs		63,198	21,523
		595,689	681,191
Finance costs:			
- Interest expense		149,091	130,313
- Unwinding of the discount on convertible note		247,375	83,508
		396,466	213,821
Loss on foreign exchange		569,593	28,873
Rental expenses relating to operating leases:			
- Minimum lease payments made during the year		52,433	97,182

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 4: LOSS FOR THE YEAR

		Note	Consolidated Group 2015 $	2014 $
b.	The following significant expense item is relevant in explaining the financial performance:			
	Impairment of assets			
	Impairment of mining interests	13	581,513	-
	Total impairment expense		581,513	-

NOTE 5: INCOME TAX EXPENSE

	Note	Consolidated Group 2015 $	2014 $
The components of income tax expense comprise:			
Current tax		-	-
Deferred tax		-	-
Aggregate Income expense		-	-
Numerical reconciliation of income tax expense and tax at statutory rate:			
Profit before income tax expense		(4,449,715)	(3,145,061)
Tax at the statutory rate of 30% (2014: 30%)		(1,334,915)	(943,518)
Tax effect amounts which are not deductible/(taxable) in calculation taxable income:			
Impairment of Mining Interests		174,454	-
Legal Fees		8,253	-
Provision for leave entitlements		11,254	(14,968)
Wages payable		2,291	-
Superannuation payable		2,079	9,304
Entertainment		7,515	-
Unrealised foreign exchange gains		(34,000)	(28,369)
Deductible exploration expenses		(32,066)	(13,174)
Black Hole Expenditure		(18,070)	-
Tax losses not brought to account as deferred tax asset		1,213,205	990,725
Income tax expense		**-**	**-**
The estimated deferred tax assets not brought to account:			
- Revenue		17,353,498	16,140,293
- Capital		2,978,019	2,978,019
		20,331,517	**19,118,312**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 5: INCOME TAX EXPENSE - CONTINUED

The realisation of the above benefit is dependent upon:

- The ability of the Group to derive future assessable income of a nature and of a sufficient amount to enable the benefit to be realised;
- The ability of the consolidated entity to continue to comply with the conditions for deductibility imposed by law; and
- No changes in tax legislation adversely affecting the realisation of the benefit from the deductions.

Legislation to allow groups, comprising the Australian parent entity and its Australian resident wholly owned entities, to elect to consolidate for income tax purposes was substantively enacted on 21 October 2002. This legislation, which includes mandatory and elective elements, is applicable to the Company.

As at the date of this report, the directors' have not elected to be taxed as a single entity. The financial effect of the implementation of the tax consolidation system and the Group has not been recognised in these financial statements.

The directors estimate the potential tax losses available to be as disclosed above, however it has not been determined if the Company has met the continuity of ownership test, or if not, the same business test, to enable all or part of these losses to be utilised.

NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION

a) Key management personnel ("KMP")

The directors and key executives of the Company during the financial year were:

Bin Li	Executive Chairperson (appointed Director 22 September 2014 and Non-Executive Chairperson 26 February 2015)
Qing Zhong	Managing Director
Hanrui Zhong	Non-Executive Director
Aiping Wang	Non-Executive Chairperson (resigned 30 January 2015)
Scott Bennison	Non-Executive Director (resigned 28 November 2014)
Alan Beasley	Non-Executive Director (resigned 28 November 2014)
Jarrod White	Company Secretary (appointed 1 October 2014)
Robert Kineavy	Company Secretary (resigned 1 October 2014)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION – CONTINUED

b) KMP Compensation

The totals of remuneration paid to KMP of the Group during the year are as follows:

	2015 $	2014 $
Short-term employee benefits (i)	278,419	469,816
Retirement benefits	2,280	5,125
Share- based payments benefits	-	40,000
Total KMP compensation (ii)	**280,699**	**514,941**

(i) Benefits paid to personnel who classify as both a director and executive have been included in director benefits.

(ii) Remuneration includes those directors and executives that were in office up to and including 30 June 2015.

NOTE 7: AUDITORS' REMUNERATION

	Consolidated Group	
	2015 $	2014 $
Remuneration of the auditor for:		
– auditing or reviewing the financial statements of parent entity	71,000	81,000
– Fees for non-audit services	-	-
	71,800	**81,000**

NOTE 8: EARNINGS PER SHARE

	Consolidated Group	
	2015 $	2014 $
a. Reconciliation of earnings to profit or loss: Total loss after tax used in the calculation of basic and dilutive EPS	(4,449,715)	(3,145,061)
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive EPS (number)	921,065,774	730,688,817
c. Basic and diluted loss per share (cents per share)	(0.48)	(0.43)

Subsequent to year end the company successfully completed a rights issue and raised gross proceeds of $976,311 at $0.02 per share, issuing 48,815,571 shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 9: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2015	2014
	$	$
Cash at bank and on hand	563,396	755,977
Short-term bank deposits	84,644	15,730
	648,040	**771,707**

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	**648,040**	**771,707**

NOTE 10: TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2015	2014
	$	$
CURRENT		
Security deposits	26,909	27,070
Sundry receivables	21,370	21,370
GST receivable	66,000	22,624
Total current trade and other receivables	**114,279**	**71,064**

Credit Risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

NOTE 11: CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)	
		2015	2014
Subsidiaries of Admiralty Resources NL and their principal activity:			
Bulman Resources Pty Limited	Australia	100%	100%
- Lead, zinc exploration			
Pyke Hill Resources Pty Limited	Australia	100%	100%
- Nickel, cobalt assets			
ADY Investments Pty Limited	Australia	100%	100%
- Currently dormant			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 11: CONTROLLED ENTITIES - CONTINUED

Admiralty Minerals Chile Pty Limited	Australia	100%	100%
- Iron ore exploration			
Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile (Branch)	100%	100%
- Iron ore exploration			
Admiralty Resources (HongKong) Limited	Hong Kong	100%	100%
- Currently dormant			
Fortune Global Holdings Corporation	British Virgin Islands	100%	100%
- Currently dormant			
Servicios Admiralty Resources Chile Ltd *(i)*	Chile (Branch)	100%	100%
- Iron ore exploration			

(i) *This operation is a branch of Admiralty Minerals Chile Pty Limited.*

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2015	**2014**
	$	**$**
Land and Buildings		
At cost	178,892	178,892
	178,892	**178,892**
Plant and Equipment		
At cost	147,390	147,390
Accumulated depreciation	(57,055)	(43,145)
	90,335	**104,245**
Motor Vehicles		
At cost	83,245	83,245
Accumulated depreciation	(34,149)	(17,783)
	49,096	**65,462**
Office Furniture and Equipment		
At cost	21,009	21,009
Accumulated depreciation	(7,687)	(5,696)
	13,322	**15,313**
	331,645	**363,912**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 12: PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land and Buildings $	Plant and Equipment $	Motor Vehicles $	Office Furniture $	Total $
Consolidated Group:					
Balance at 1 July 2013	178,892	86,186	41,663	1,095	307,836
Additions	-	37,550	32,973	15,857	86,380
Disposals	-	-	-	-	-
Depreciation expense	-	(19,491)	(9,174)	(1,639)	(30,304)
Balance at 30 June 2014	**178,892**	**104,245**	**65,462**	**15,313**	**363,912**
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation expense	-	(13,910)	(16,366)	(1,991)	(32,267)
Balance at 30 June 2015	**178,892**	**90,335**	**49,096**	**13,322**	**331,645**

NOTE 13: MINING INTERESTS

	Consolidated Group 2015 $	Consolidated Group 2014 $
Cost	19,245,783	19,138,897
Accumulated impairment losses	(581,513)	-
Net carrying amount	18,664,270	19,138,897
Movement in carrying amounts:		
Balance at the beginning of the year	19,138,897	19,094,984
Additions	106,886	43,913
Impairment	(581,513)	-
Balance at the end of the year	**18,664,270**	**19,138,897**

The Company recognised an impairment loss of $581,513 (2014: NIL) in relation to a portion of the mining interests held in Chile for the year ended 30 June 2015.

Exploration for mineral resources in these areas was concluded to not commercially be viable with the current market of iron ore prices. As a result the Company has decided to impair these mining interests and retain the book value for the three key project areas being Mariposa, Soberana and Lachulula as referred to in the Directors' Report.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 14: TRADE AND OTHER PAYABLES

	Consolidated Group	
	2015	2014
	$	$
CURRENT		
Unsecured liabilities:		
Trade payables	519,553	476,092
Other payables	106,285	138,040
Balance at the end of the year	**625,838**	**614,132**

NOTE 15: BORROWINGS

	Consolidated Group	
	2015	2014
	$	$
Unsecured liabilities	-	-
Convertible Note	3,254,012	2,542,508
	3,254,012	**2,542,508**

In the current year the convertible notes are due to settle within a 12 month period and therefore have been presented under current liabilities. In the prior year the notes were not due for settlement within 12 months and therefore were presented under non-current liabilities.

Refer to Note 24 for disclosure relating to the equity component of the drawdown amount.

On the 26 June 2013 the Company signed a Convertible Loan Facility Agreement (“the Agreement”) with Smart East Global Limited (a BVI Company) for $US3,000,000. As at 30 June 2015 $US1,500,000 had been drawn down. The term of the loan is for three years and interest is due and payable at a rate of 12% per annum. The Agreement provides that the lender may convert the amount outstanding to ordinary shares at 4c per share.

On 1 March 2014 Admiralty Resources (Hong Kong) Limited, a wholly owned subsidiary of the company signed a Convertible Loan Facility Agreement (“the Agreement”) with Smart East Global Limited (a BVI Company) for $US1,500,000. As at 30 June 2015 $US1,000,000 had been drawn down. The term of the loan is for two years and interest is due and payable at a rate of 12% per annum. The agreement provides that the lender may convert the amount to ordinary shares at the amount equivalent to 80% of the Volume Weighted Average Price per share calculated 90 days immediately prior to the conversion date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 16: ISSUED CAPITAL

	Note	Consolidated Group	
		2015	2014
		$	$
Ordinary Shares			
At the beginning of the financial year		140,105,943	139,828,649
Issue of share capital		3,395,403	277,294
Share issue transaction costs		(263,916)	-
Contributed equity at the end of the financial year		**143,237,430**	**140,105,943**

	2015	2014
	Number	Number
Ordinary Shares		
At the beginning of the financial year	746,600,539	727,822,759
Shares issued in lieu of director fees	-	2,222,222
Shares issued via underwritten Rights Offer	212,975,956	16,555,558
Contributed equity at the end of the financial year	**959,576,496**	**746,600,539**

Options

The number of options on issue during the financial year was nil (2014: nil).

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.

Capital management

The consolidated entity manages its capital to ensure that entities in the consolidated group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the consolidated entity consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings. Management and the Board manages the capital structure through issue of new shares, repayment of existing debt and the acquisition of new debt. The capital management strategy remains unchanged from 2014.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 17: CAPITAL AND LEASING COMMITMENTS

			Note	Consolidated Group	
				2015	2014
				$	$
a.	**Exploration Expenditure Commitments**				
	Payable :				
	–	not later than 12 months		398,788	200,000
	–	between 12 months and five years		235,285	320,000
				634,073	520,000

The Group's operating leasing commitments are the same as the parent company's. Refer to Note 2.

NOTE 18: CONTINGENT ASSETS

As Announced to the ASX on 13 March 2015 the Company was successful in obtaining judgement in court proceeding against Australis Mining Limited, Corsai Capital Limited and Base Resources Ltd. In 2012 proceedings were instituted by Admiralty in the Supreme Court of Victoria against Australis for unpaid monies under the Share Sale Agreement relating to shares in Vallenar Iron Company ("VIC") entered into on 1 September 2010. Australis and Corsair lodged counter-claims against Admiralty and these formed part of the proceedings.

With the consent of the parties, orders were made by The Honourable Justice Sloss which have the following effect:-

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

Because the receipt of proceeds from the judgement is not certain, no asset has been recognised within these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 19: OPERATING SEGMENTS

The predominant activity of the group is the exploration for mineral resources. Geographically, the Group operates in three geographical locations – Australia, Chile and Hong Kong.

The head office and management activities of the Group takes place predominately in Australia. Exploration, appraisal, development and production activities for mineral resources takes place in both Chile and Australia. Operating Segments have been determined based on a geographical basis, being Chile, Australia and Hong Kong.

a. Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group. Segment revenue and expense are those directly attributable to the segments. Segment assets and liabilities include all those generated by the segments.

b. Intersegment transactions

The group pays an intercompany management fee from Australia to Hong Kong and Chile for reimbursement of interest payments.

c. Business segments

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

d. Segment information

	Australia 2015 $	Australia 2014 $	Chile 2015 $	Chile 2014 $	HK 2015 $	HK 2014 $	Consolidated 2015 $	Consolidated 2014 $
Revenue								
Other revenue from continuing operations	1,755	4,354	58,642	26,380	-	14,976	60,397	45,710
Total segment revenue	1,755	4,354	58,642	26,380	-	14,976	60,397	45,710
Segment revenue from continuing operations before tax							**60,397**	**45,710**
Loss								
Segment result from continuing operations	(2,608,852)	(2,715,228)	(1,296,340)	(411,588)	(544,523)	(18,245)	(4,449,715)	(3,145,061)
Net loss before tax from continuing operations							**(4,449,715)**	**(3,145,061)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 19: OPERATING SEGMENTS - CONTINUED

	Australia 2015 $	Australia 2014 $	Chile 2015 $	Chile 2014 $	HK 2015	HK 2014	Consolidated 2015 $	Consolidated 2014 $
Segment assets	618,535	744,155	19,120,572	19,546,464	19,127	54,961	19,758,234	20,345,580
Total group assets							**19,758,234**	**20,345,580**
Segment liabilities	2,416,396	2,002,923	76,854	-	1,386,600	1,153,717	3,879,850	3,156,640
Total group liabilities							**3,879,850**	**3,156,640**
Other								
Acquisition of non-current segment assets	-	53,407	-	76,886	-	-	-	130,293
Depreciation of segment assets	8,379	8,104	23,888	22,200	-	-	32,267	30,304
Impairment losses	-	-	581,513	-	-	-	581,513	-

NOTE 20: CASH FLOW INFORMATION

		Consolidated Group 2015 $	Consolidated Group 2014 $
a.	**Reconciliation of Cash Flow from Operations with Loss after Income Tax**		
	Loss after income tax	(4,449,715)	(3,145,061)
	Non-cash flows in profit:		
	- Doubtful debts	6,770	-
	- Depreciation	32,267	30,304
	- Non recoverable VAT	-	62,912
	- Impairment expense	581,513	-
	- Foreign exchange gain	531,640	(152,234)
	- Unwinding of discount on convertible notes	247,375	83,508
	Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		-
	- (Increase)/Decrease in trade and other receivables	(43,215)	70,272
	- (Decrease)/Increase in trade and other payables	(103,397)	549,106
	Cash flow used in operating activities	**(3,196,762)**	**(2,501,193)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 20: CASH FLOW INFORMATION - CONTINUED

b. **Loan Facilities**

Loan facilities	5,859,375	4,775,175
Amount utilised	(3,255,208)	(2,652,875)
	2,604,167	**2,122,300**

The company has not yet agreed with SEGL (the lender) the point during which the company will have the right to draw on the second tranches of funds.

NOTE 21: EVENTS AFTER THE REPORTING PERIOD

The following events took place after the reporting period:

Rights issue

The group completed a rights issue on 25 August 2015. The rights issue successfully raised $976,311 at the offer price of 2 cents per share. The proceeds will be used to repay corporate debt and provide working capital.

Favourable Environmental Qualification – Soberana Project

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. The Commission certified that the project complied with the requirements of environmental nature as contained in Environmental Permits 88, 91, 93, 94, 96, 99 and 106 as listed in the items of the Regulation of the System of Environmental Impact Evaluation.

The Commission certified that the project will not generate any effects, characteristics and circumstances provided in Article 11 of Law No. 19,300 that give rise to the need for an environmental impact study.

Furthermore the commission assessed the project on an assumed workforce of 245 people and annual production of 540,000 tons of iron concentrate grading 64% FeT by means of a process of crushing and magnet separation.

This Environmental Qualification for Soberana, enhances the value of the project and brings it closer to the readiness for production at an appropriate time.

Cooperation Agreement – Mariposa Project

The Company negotiated 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 21: EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

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.

NOTE 22: RELATED PARTY TRANSACTIONS

Related Parties

a. **The Group's main related parties are as follows:**

(i) *Key management personnel:*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, including remuneration, refer to Note 6: Key Management Personnel Compensation.

(ii) *Equity interests in related parties:*

Refer to Note 11: Controlled Entities for details of equity holdings in related parties.

The following transactions happened with related parties:

- Jin Xin International Pty Ltd – related party of Qing Zhong and Hanuri Zhong

-Sun Investments Holdings– related party of Qing Zhong

-Infinity Financial – related party of Scott Bennison

	Consolidated Group	
	2015	**2014**
	$	**$**
Jin Xin International Pty Ltd:		
- Commission – Underwriter Fee	272,609	-
Sun Investment Holdings:		
- Rent of Admiralty Resources NL office	57,200	52,433
Infinity Financial:		
- Accounting and tax services	39,119	96,620
	368,928	**149,053**
The following balances are outstanding at the reported date in relation to transactions with related parties:		
Sun Investments Holdings	4,767	9,532
Infinity Financial	4,119	-
	8,886	**9,532**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 23: FINANCIAL RISK MANAGEMENT

(a) Financial risk management objectives

The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the consolidated entity's policies approved by the Board of Directors.

The consolidated entity's principal financial instruments comprise cash and both short and long-term borrowings. The main purpose of the financial instruments is to support the consolidated entity's operations.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(c) Interest rate risk

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial asset/liabilities, is as follows:

2015	Weighted average Effective Interest Rate %	Floating Interest Rate $	Less than 1 year $	1-5 years $	More than 5 years $	Non-Interest Bearing $	Total $
Financial Assets							
Cash	0.25%	563,396	84,644	-	-	-	648,040
Trade and other receivables	-	-	-	-	-	114,279	114,279
Total financial assets		**563,396**	**84,644**	**-**	**-**	**114,279**	**762,319**
Financial Liabilities							
Trade payables	-	-	-	-	-	625,838	625,838
Convertible Notes	12%	-	3,254,012	-	-	-	3,254,012
Total financial liabilities		**-**	**3,254,012**	**-**	**-**	**625,838**	**3,879,850**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 23: FINANCIAL RISK MANAGEMENT (CONTINUED)

2014	Weighted average Effective Interest Rate %	Floating Interest Rate $	Less than 1 year $	1-5 years $	More than 5 years $	Non-Interest Bearing $	Total $
Financial Assets							
Cash	2.54%	755,977	15,730	-	-	-	771,707
Trade and other receivable	-	-	-	-	-	71,064	71,064
Total financial assets		**755,977**	**15,730**	**-**	**-**	**71,064**	**842,771**
Financial Liabilities							
Trade payables	-	-	-	-	-	614,132	614,132
Convertible Notes	12%	-	-	2,542,508	-	-	2,542,508
Total financial liabilities		**-**	**-**	**2,542,508**	**-**	**614,132**	**3,156,640**

(d) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the reporting date to recognised financial assets is the carrying amount, net of any allowance for doubtful debts of those assets, as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

Other than the impaired assets, the consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

(e) Foreign currency risk management

Other than the impaired deferred receivable, the consolidated entity is exposed to foreign currency risk as a direct result of their foreign operations in Chile and Hong Kong. Further, the consolidated entity is exposed to foreign currency risk on borrowings and loans receivable that are denominated in currencies other than Australian Dollars.

The bulk of the consolidated entity's income and expenditure and capital commitments are denominated in United States Dollars (USD). The Board of Directors has taken the view that because of the offsetting nature of the consolidated entity's receivables and payables that an unhedged position in relation to foreign currency exposure is the most appropriate policy. The consolidated entity maintains bank accounts in three currencies being Australian Dollars (AUD), United States Dollars (USD), Hong Kong Dollar (HKD) and Chilean Pesos (CLP) to manage receipts and payments in those currencies and to reduce and minimise currency conversion costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 23: FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Liquidity risk management

Liquidity risk arises from the possibility that the consolidated entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The consolidated entity manages this risk through the following mechanisms:

- by maintaining centralised cash balances;
- by matching capital commitments to draw down of funding facilities and equity raisings;
- preparing forward looking cash flow analysis in relation to its operational, investing financing activities; and
- managing credit risk related to financial assets.

Cash flows realised from financial assets reflect management's expectations as to the timing of realisation. Actual timing may therefore differ from that disclosed. The table below summarises the expected financial liability and financial asset maturities.

	Within 1 year		1 to 5 Years		Over 5 Years		Total	
	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $
Financial Assets								
Cash	648,040	771,707	-	-	-	-	648,040	771,707
Trade and other receivables	114,279	71,064	-	-	-	-	114,279	71,064
Total financial assets	**762,319**	**842,771**	**-**	**-**	**-**	**-**	**762,319**	**842,771**
Financial Liabilities								
Trade payables	625,838	614,132	-	-	-	-	625,838	614,132
Convertible Notes	3,255,208	-	-	2,652,875	-	-	3,255,208	2,652,875
Total financial liabilities	**3,881,046**	**614,132**	**-**	**2,652,875**	**-**	**-**	**3,881,046**	**3,267,007**

(g) Fair values

The aggregate fair values of financial assets and liabilities as at reporting date is as follows:

	2015 $	2014 $
Financial Asset		
Cash	648,040	771,707
Trade and other receivables	114,279	71,064
Total financial assets	**762,319**	**842,771**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 23: FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial Liability		
Trade payable and accruals	625,838	614,132
Convertible note	3,254,012	2,542,508
Total financial liabilities	**3,879,850**	**3,156,640**

The following methods and assumptions are used to determine the fair values of financial assets and liabilities:

- The carrying amount for cash, trade and other receivables, prepayments and payables approximates fair value.
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow theory.

(h) Sensitivity

Interest rate risk

The consolidated entity has considered the sensitivity relating to its exposure to interest rate risk at the reporting date. This analysis considers the effect on current year loss which could result in a change in this risk. The management processes employed to control these factors involve entering into fixed interest rate borrowings.

Foreign currency risk

The consolidated entity has considered the sensitivity relating to its exposure to foreign currency risk at the reporting date. The sensitivity analysis considers the effect on current year loss and equity due to a change in the AUD / USD, AUD / CLP and ADU/HKD rates.

The table below summarises the impact of +/- 5% strengthening / weakening of the AUD against the USD, HKD and CLP. The analysis is based on the +/- 5% movement of each foreign currency (CLP, HKD and USD) against AUD with all other factors remaining equal. A sensitivity of 5% has been used as the Board assesses this to be a probable range for foreign exchange fluctuation.

		Post Tax Loss		**Equity**	
		2015	**2014**	**2015**	**2014**
		$	**$**	**$**	**$**
AUD/USD	+5%	7,566	7,631	7,566	7,631
	-5%	(7,566)	(7,631)	(7,566)	(7,631)
AUD/CLP	+5%	1,098	3,813	1,098	3,813
	-5%	(1,098)	(3,813)	(1098)	(3,813)
AUD/ HKD	+5%	44	2,326	44	2,326
	-5%	(44)	(2,326)	(44)	(2,326)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 24: RESERVES

Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries.

Equity portion of convertible notes

The equity portion of the convertible note reserve identifies the substance of the convertible note rather than its legal form. The substance depends on the instrument's contractual right and obligations. The reserve represents the amount of the convertible note that is not considered a financial liability.

	Consolidated Group	
	2015	**2014**
	$	**$**
Foreign currency translation reserve		
Balance at the beginning of the financial year	(775,781)	(681,218)
Exchange differences on translation of foreign controlled entities	7,672	(94,563)
Balance at the end of the financial year	**(768,109)**	**(775,781)**
Equity portion of convertible note		
Balance at beginning of financial year	212,980	-
Note issued during financial year	-	212,980
Balance at the end of the financial year	**212,980**	**212,980**
Total reserves	**(555,129)**	**(562,801)**

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INDEPENDENT AUDITOR'S REPORT

To the members of Admiralty Resources NL

Report on the Financial Report

We have audited the accompanying financial report of Admiralty Resources NL, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. 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.

Opinion

In our opinion:

(a) the financial report of Admiralty Resources NL is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1(r) in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the consolidated entity's tenements, and/or sale of non-core assets. These conditions, along with other matters as set out in Note 1(r), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 22 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Admiralty Resources NL for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

BDO

Alex Swansson
Partner

Melbourne, 30 September 2015

ADDITIONAL INFORMATION FOR PUBLIC LISTED COMPANIES

1. Shareholder Information

(a) Distribution of shareholders by class as at 29 September 2015.

Category (size of holding)	Number of Holders	Ordinary shares
1-1,000	1,492	819,638
1,001-5,000	2,310	6,289,561
5,001-10,000	1,064	8,155,037
10,001-100,000	2,045	69,960,310
100,001-9,999,999,999	438	923,167,520
Totals	**7,349**	**1,008,392,066**

(b) The number of shareholdings held in less than marketable parcels is 5,779 as at 29 September 2015.

(c) The number of holders of each class of equity security as at 29 September 2015.

Class of Security	*Number*
Ordinary fully paid shares	7,349

(d) Substantial holders as at 29 September 2015.

The names of substantial shareholders who have notified the Company in accordance with Section 671B of the *Corporations Act 2001* are:

Name	*Number of Ordinary Fully Paid Share Held*	*% Held of Issued Ordinary Capital*
Sino Investment and Holding Pty Ltd	117,161,500	11.619
Sophie Zhong Pty Limited <I Like Shopping Property A/C>	70,501,898	6.992

(e) Voting Rights

Every member is entitled to be present at a meeting and may vote. Options do not carry a right to vote.

On a show of hands, every Member has one vote.

On a poll every member has:

- one vote for each fully paid share; and
- voting rights pro rata to the amount paid up on each partly paid share held by the member.

ADDITIONAL INFORMATION FOR PUBLIC LISTED COMPANIES

1. Shareholder Information (continued)

(f) 20 Largest Shareholders – Ordinary Capital as at 29 September 2015.

Name		***Number of Ordinary Fully Paid Share Held***	***% Held of Issued Ordinary Capital***
1	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	193,578,527	19.197
2	PERSHING AUSTRALIA NOMINEES PTY LTD <PHILLIP SECURITIES (HK) A/C>	133,817,819	13.270
3	SINO INVESTMENT AND HOLDING PTY LTD	117,161,500	11.619
4	CITICORP NOMINEES PTY LIMITED	86,859,619	8.614
5	SOPHIE ZHONG PTY LIMITED <I LIKE SHOPPING PROPERTY A/C>	70,501,898	6.992
6	NATIONAL NOMINEES LIMITED	33,806,962	3.353
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	27,058,537	2.683
8	AUSTRALIAN CHILE MINING HOLDINGS PTY LTD <AUSTRALIAN CHILE MIN INV A/C>	25,000,000	2.479
9	MR BAOJIANG LIU	25,000,000	2.479
10	J P MORGAN NOMINEES AUSTRALIA LIMITED	10,408,799	1.032
11	MISS XU CHEN	8,465,373	0.839
12	BNP PARIBAS NOMS PTY LTD <DRP>	7,786,853	0.772
13	MR YONGJIN LUO	7,506,934	0.744
14	MR LANG XU	5,393,509	0.535
15	MRS YAO XU <XIAO LIU A/C>	5,000,000	0.496
16	3D PENCIL PTY LTD <3D PENCIL SUPER FUND A/C>	4,608,000	0.457
17	DR RICHARD STUART PARRY & MRS JUDITH NANCY PARRY <R S PARRY SUPER FUND A/C>	4,267,325	0.423
18	MRS XIUYING YIN	3,677,572	0.365
19	3D PENCIL PTY LTD <3D PENCIL SUPER FUND A/C>	3,455,604	0.343
20	MRS YUWEN SHENG	3,393,853	0.337

ADDITIONAL INFORMATION FOR PUBLIC LISTED COMPANIES

2. The name of the Company Secretary is:

Jarrod Travers White

3. Office details

Registered Office:

C/- Traverse Accountants

Suite 305, Level 3

35 Lime Street

Sydney NSW 2000

4. Share Registry Details

Boardroom Limited
Level 7, 207 Kent Street
Sydney NSW 2000
Telephone: 1300 737 760 (within Australia)
+61 2 9690 9600 (international callers)
Facsimile: +61 2 9279 0664

5. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on the Australian Securities Exchange Limited.

6. Vendor Securities

There are no restricted securities on issue as at 29 September 2015.

7. Unquoted Securities

There were no unquoted securities as at 29 September 2015.

ADDITIONAL INFORMATION FOR PUBLIC LISTED COMPANIES

Appendix I - Schedule of Tenements

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