Admiralty Resources NL

ABN: 74 010 195 972

FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2016

CORPORATE DIRECTORY

Admiralty Resources NL
ABN: 74 010 195 972

Directors:
Qing Zhong
Hanrui Zhong
Bin Li

Company Secretary:
Jarrod White

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:
RSM Australia Partners
Level 13, 60 Castlereagh Street
Sydney NSW 2000

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,

Your Board has continued to progress the core assets of the Company in difficult market conditions.

In the first half of the financial year to 31 December 2015, the Company received positive news for a number of its key iron ore projects in Chile.

- 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 assessed the project on an assumed workforce of 245 people and annual production of 540,000 tonnes of iron concentrate grading 64% FeT.
- The Company signed a Cooperation Agreement with China Nuclear Industry 22nd Construction Co. LTD (CNI22) for a cooperation model, whereby it is envisaged CNI22 will finance a staged drawdown of 180 million RMB for the development of a plant in Chile to advance the Mariposa project;
- In conjunction with Admiralty's extended co-operation with CNI22 the Company has engaged Jin Jiang Design Co. as a local and approved independent Chinese based geological company to conduct a further pre-feasibility study as an agreed basis for CNI22's potential involvement.
- The Company has obtained a JORC compliant mineral resource estimate during the year from Golder Associates SA for its La Chulula Project. The estimate quantifies the resources at 96 Mt at 24% Fe for a 15% Fe cut-off in the inferred category.

In the latter half of the year, the Company placed greater focus on meeting the working capital requirements of the Company through the raising capital of a rights issue and private placement as well as drawing down on its available convertible loan facility.

In the March quarter, the Company issued 129,675,646 shares on receipt of a conversion notice from the Company's convertible note holder Smart East Global Limited for US$900,000, which represents a partial repayment of the principle and accrued interest.

In addition, the Lender has informed the Company of their intention to convert a larger portion of the remaining convertible note facility, however further conversion and share issues are be subject to shareholders' approval at the next shareholders meeting under the applicable Listing Rules.

In the near term, Board members have unanimously agreed to defer payment of director's fees to alleviate the working capital pressures on the Company.

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

Yours sincerely,

Bin Li
Chairperson
30 September 2016

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**.

CORPORATE GOVERNANCE STATEMENT - CONTINUED

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.

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.

CORPORATE GOVERNANCE STATEMENT - CONTINUED

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.

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.

CORPORATE GOVERNANCE STATEMENT - CONTINUED

The role of the Company Secretary includes:

- advising the Board and its committees (as established from time to time) on governance matters;
- 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 but the current Board has not established a Diversity Policy due to the limited size of the Board and operations.

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

As part of the annual review of the performance of the Board, the appropriate size, composition and terms and conditions of appointment to and retirement from the Board are considered. The level of remuneration for non-executive directors is considered with regard to practices of other public companies and the aggregate amount of fees approved by shareholders. The Board also reviews the appropriate criteria for Board membership collectively.

A formal Board review was not undertaken in FY 2016 as the Board as the Director have agreed to defer payment of their fees to manage working capital pressures.

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).

A formal Management review was not undertaken in FY 2016 as the Board as the Director have agreed to defer payment of their fees to manage working capital pressures.

CORPORATE GOVERNANCE STATEMENT - CONTINUED

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.

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	Length of Service
Bin Li	Non-Executive Chairman	Yes	Nominated by majority shareholder and elected as Non-Executive Director at General Meeting of Members on 21 September 2014.	2 years
Hanrui Zhong	Non-Executive Director	No	27,290,067 shares are controlled by Mr Zhong through a nominee entity.	3 years, 3 months
Qing Zhong	Managing Director	No	Employed in an executive capacity as Managing Director.	2 years, 10 months

CORPORATE GOVERNANCE STATEMENT - CONTINUED

Induction and Training

When appointed to the Board, a new director will receive an induction appropriate to their experience.

Directors are encouraged to seek professional development to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

Council Principle 3: Act ethically and responsibly

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.

Council Principle 4: Safeguard integrity in corporate reporting

Board Committees
The Board has not established an Audit Committee due to the limited size of the Board and the limited current activities of the Company.

Instead the function will be undertaken by the full Board in accordance with policies and procedures outlined in the Audit Committee Charter:

- overseeing the reliability and integrity of the Company's accounting policies, financial reporting and disclosure practices;
- reviewing 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 Board 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.

CEO Declaration under 295A of the Corporations Act 2001
The Company received from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

CORPORATE GOVERNANCE STATEMENT - CONTINUED

External Auditor

RSM Australia Partners are the appointed external auditors of the Company and were appointed at the Company's 2015 Annual General Meeting. 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 6 to the financial statements. The Directors are satisfied that the provision of non-audit services during the year by RSM Australia Partners 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

Continuous disclosure

All directors have been made aware of the continuous disclosure requirements of the ASX Listing Rules and have been provided with a copy of the relevant rules and guidance notes. Continuous disclosure is included on the agenda for all formal meetings of the directors. Directors are made aware of the constraints applicable to private briefings and broker and analyst presentations.

The directors have allocated responsibility to each director and the company secretary to alert the board to any operational or regulatory matters respectively which they consider may require disclosure to the market under the continuous disclosure requirements of the ASX Listing Rules. The directors then consider and approve the form of any such announcement.

All Company announcements require the approval of the board with provision for available directors to approve urgent announcements. The company secretary is responsible for communication with ASX.

The annual report contains a review of operations.

CORPORATE GOVERNANCE STATEMENT - CONTINUED

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.
- 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 and 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.

CORPORATE GOVERNANCE STATEMENT - CONTINUED

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.

It has not established a separate committee to deal with these matters as the directors consider the size of the Company and its operations does not warrant a separate committee at this time.

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.

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.

This assessment was completed as part of the 30 June 2015 Annual Report and 31 December 2015 Half Year Report.

Internal audit
The Company does not have an internal audit function, and due to its size and current activities the Board does not believe one is warranted at this time. The Board evaluates and monitors internal control processes to continually improving the effectiveness of its risk management.

Material exposure to economic, environmental and social sustainability risks
This information is disclosed in Note 23 – Financial Instruments in the Annual Report.

CORPORATE GOVERNANCE STATEMENT - CONTINUED

Council Principle 8: Remunerate fairly and responsibly

Remuneration Committee

Due to the relatively small size of the Company and its operations, the Board does not consider it appropriate, at this time, to form a separate committee to deal with executive remuneration. The Board as a whole establishes and reviews annually the remuneration of the executive directors, senior executives and employees.

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 company does not have an equity-based remuneration scheme.

DIRECTORS' REPORT

The Directors of Admiralty Resources NL submit the annual financial report of the Company for the financial year ended 30 June 2016 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 22 September 2014)
Qing Zhong	Managing Director (Appointed 4 December 2013)
Hanrui Zhong	Non-Executive Director (Appointed 21 June 2013)

Managing Director and Chief Executive Officer

Mrs Qing Zhong is Managing Director and Chief Executive Officer.

Company Secretary

Mr Jarrod White (Appointed 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 and Chief Executive Officer

Ms Zhong is the Managing Director and Chief Executive Officer of the company and held these positions for the entire 2016 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.

Bin Li

Non-Executive Chairperson

Mr Li is the Non-Executive Chairman of the company and held this position for the entire 2016 financial year.

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.

DIRECTORS' REPORT CONTINUED

Mr Li has no special responsibilities in the company.

REMUNERATION REPORT – AUDITED

Hanrui Zhong

Non-Executive Director

Mr Zhong is a Non-Executive Director of the company and held this position for the entire 2016 financial year.

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.

Jarrod Travers White, B. Bus, CA, CTA

Company Secretary

Mr White is the Company Secretary of the company and held this position for the entire 2016 financial year.

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.

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
Qing Zhong	Managing Director
Hanrui Zhong	Non-Executive Director
Jarrod White	Company Secretary

DIRECTORS' REPORT CONTINUED

REMUNERATION REPORT – AUDITED

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)*	N/A	N/A	Nil
Hanrui Zhong *(3)*	N/A	N/A	Nil

(1) *Mrs Zhong's remuneration package consists of two components, (1) Directors fee of $24,000 pa plus superannuation at 10% and (2) Service fees for managing director services paid to related entity Jin Xin International Pty Limited of $96,000 pa;*

(2) *Mr Li's remuneration package is $40,000 pa;*

(3) *Mr Zhong's remuneration package is $40,000 pa;*

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.

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.

Elements of remuneration related to performance

There are currently no elements of remuneration related to performance.

DIRECTORS' REPORT CONTINUED

Remuneration Report – Audited

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

2016	*Salary & Fees* $	*Retirement Benefits* $	*Non-monetary Share Based Payments* $	*Consisting of Share Based Payments* %	*Total* $
Bin Li *(1)*	40,000	-	-	-	40,000
Qing Zhong *(2)*	120,000	2,400	-	-	122,400
Hanrui Zhong *(3)*	40,000	-	-	-	40,000
Total	**200,000**	**2,400**	**-**	**-**	**202,400**

(1) *Mr Li's remuneration package was $40,000 pa; Fees paid in the year were $10,000 and $30,000 remains unpaid at 30 June 2016.*

(2) *Mrs Zhong's remuneration package consists of two components, (1) Directors fee of $24,000 pa plus superannuation at 10% and (2) Service fees for managing director services paid to related entity Jin Xin International Pty Limited of $96,000 pa. Fees paid in the year were $44,000 and $76,000 remains unpaid at 30 June 2016.*

(3) *Mr Zhong's remuneration package was $40,000 pa and remains unpaid at 30 June 2016.*

2015	*Salary & Fees* $	*Retirement Benefits* $	*Non-monetary Share Based Payments* $	*Consisting of Share Based Payments* %	*Total* $
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)*	-	-	-	-	-
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.*

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 2016	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	25,000,000	-	-	-	25,000,000
Qing Zhong(i)	196,849,965	-	-	20,761,500	217,611,465
Hanrui Zhong	97,791,965	-	-		97,791,965
Total	**319,641,390**	-	-	**20,761,500**	**340,403,430**

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)	-	-	-	-	-
Total	**158,911,995**	-	-	**166,003,796**	**324,915,791**

(i) As a result of the rights issue, 20,761,500 shares at 2 cents ($415,230) were issued to the director on 25 August 2015.

(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>

No shares or options were issued a part of the Director's and/or Executives remuneration in the 2016 Financial Year.

DIRECTORS' REPORT CONTINUED

Remuneration Report – Audited

Additional Information

The earnings of the consolidated entity for the five years to 30 June 2016 are summarised below:

	2016 $	2015 $	2014 $	2013 $	2012 $
Revenue	117,515	60,397	45,710	590,246	422,673
EBITDA	(987,893)	(4,020,981)	(2,900,936)	(2,858,208)	(2,387,562)
EBIT	(1,103,933)	(4,053,249)	(2,931,240)	(20,994,004)	(15,306,906)
(Loss)/profit after Tax	(2,340,882)	(4,449,715)	(3,145,061)	(21,177,925)	(15,306,906)

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

	2016 $	2015 $	2014 $	2013 $	2012 $
Share price at financial year end ($A)	1.1 cents	1.9 cents	1.2 cents	2 cents	4 cents
Total dividends declared (cents per share)	Nil	Nil	Nil	Nil	Nil
Basic loss per share (cents per share)	(0.23)	(0.48)	(0.43)	(2.90)	(2.45)

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 $2,342,915 (2015 loss: $4,442,043).

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.

Chile

Harper South District

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**

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.

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 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 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.

DIRECTORS' REPORT CONTINUED

La Chulula

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.

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.

Project Name	Measured Resources (Mt)	Indicated Resources (Mt)	Inferred Resources (Mt)	Total Resources (Mt)	Average FeT (%)
Mariposa	43.4	7.6	123.5	174.5	24.5
La Chulula			96.0	96.0	24.0
Soberana			90.2	90.2	24.5
TOTAL	**43.4**	**7.6**	**309.7**	**360.7**	**24.4**

Capital Increase

During the year the Group undertook two capital increases. These are as follows.

1. Rights Issue which resulted in the issuance of 54,664,403 shares; and
2. Private Placement resulted in 8,333,333 shares.

The gross proceeds from these capital increases totalled to $1,193,288 and have been used to fund the Company's working capital and exploration commitments.

Convertible Notes

On 1 July 2015 the Group made a decision to revise the Convertible Loan Facility Agreement between Admiralty Resources (Hong Kong) Limited and Smart East Global Limited ("SEG) and provide a further loan in the amount of US$1,500,000. Therefore the total amount drawn down under the Second Facility Agreement will be US$3,000,000. The sole purpose of the further loan is to repay the amount outstanding under the First Facility Agreement, held under Admiralty Resources NL to the Lender. The group has discharged all amounts outstanding under the First Facility Agreement to the Lender.

DIRECTORS' REPORT CONTINUED

On 1 January 2016 the Group made a decision to revise the Convertible note loan Facility agreement (referred to above as the Second Facility Agreement.) The revision would provide a further loan in the amount of US$500,000, with the total amount drawn down under the Facility Agreement increased to US$3,000,000. In addition Smart East Global Limited agreed to extend the completion date of the of the Convertible note loan facility by twelve months from 30 June 2016 to 30 June 2017.

On 24 June 2016 Smart East Global Limited provided the Group a conversion notice to convert US$900,000 of the facility to Admiralty Resources NL's shares. (Refer to Note 16) which resulted in issuing SEG 129,675,646 shares.

As at 30 June 2016 the term of the loan was for one year and interest is due and payable at a rate of 12% per annum on a quarterly basis. The agreement provided 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.

First Facility

On the 26 June 2013 the Company signed a Convertible Loan Facility Agreement ("the Agreement") with Smart East Global Limited (a BVI Company) for US$3, 000,000. As at 30 June 2015 US$1, 500,000 had been drawn down. The term of the loan was for three years and interest was due and payable at a rate of 12% per annum. The Agreement provided that the lender may convert the amount outstanding to ordinary shares at 4c per share.
This loan was repaid out of the second facility.

Second Facility

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 US$1,500,000. As at 30 June 2015 US$1, 000,000 had been drawn down. The term of the loan was for two years and interest was due and payable at a rate of 12% per annum. The agreement provided 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.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Convertible Note

On 11 August 2016 the Convertible Note Lender, Smart East Global Limited ("SEG") signed a revised Convertible Note Facility effective from 1 September 2016. SEG has agreed to provide an additional draw down facility of up to US$1,500,000 and extend the expiry terms of the current Convertible Facility from 30 June 2017 to 31 August 2018. The additional funds will be expected to fund operating costs of the company.

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

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid during the year, nor are any recommended at 30 June 2016 (2015: nil).

DIRECTORS' REPORT CONTINUED

FINANCIAL POSITION

The net assets of the economic entity have decreased by $504,068 from 30 June 2015 to 30 June 2016. The decrease has resulted from the increase in borrowings from $3.3m to $3.5m and the payment of trade creditors from the 2015 year, however the decrease has been offset by the increase of the Company's mining interests from $18.7m to $19.3m

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, 4 Directors' meetings were held. Attendances at the meetings were as follows:

	Board of Directors		*Audit and Risk Committee*	
	Held	***Attended***	***Held***	***Attended***
Bin Li	4	4	-	-
Qing Zhong	4	4	-	-
Hanrui Zhong	4	4	-	-

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.

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 2016 financial year.

DIRECTORS' REPORT CONTINUED

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.

ROUNDING OF AMOUNTS

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest dollar.

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 RSM Australia Partners, the Company's Auditors (2015: Previous auditors BDO East Coast Partnership: Nil).

AUDITORS INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 27 of the Annual Report.

DIRECTORS' REPORT CONTINUED

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 3 to 12 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 2016

DIRECTORS' DECLARATION

DIRECTORS' DECLARATION

1. the financial statements and notes, as set out on pages 28 to 63 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 2016 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 2016

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Admiralty Resources NL for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

GNS

G N Sherwood
Partner

Sydney, NSW
Dated: 30 September 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	Consolidated Group 2016 $	2015 $
Revenue			
Interest	3	3,316	1,755
Other Income	3	114,199	58,642
Expenses			
Administration expenses		(239,497)	(800,319)
Bad debt expenses		-	(6,770)
Consultancy and professional expenses		(480,868)	(1,556,869)
Depreciation expense		(26,040)	(32,267)
Exploration expenses		(227,240)	(66,727)
Employee benefits expense		(494,931)	(595,689)
Finance costs		(721,819)	(396,466)
Impairment of assets		-	(581,513)
Occupancy expenses		(88,744)	(151,702)
Tenement expenses		(43,242)	(35,632)
Travel expenses		(136,016)	(286,158)
Loss before income tax		**(2,340,882)**	**(4,449,715)**
Tax expense	4	-	-
Loss after income tax for the year		**(2,340,882)**	**(4,449,715)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from foreign operations	24	(2,033)	7,672
Total other comprehensive income for the year		(2,033)	7,672
Total comprehensive income for the year		(2,342,915)	(4,442,043)
Loss after income tax attributable to:			
Members of the parent entity		**(2,340,882)**	**(4,449,715)**
Total comprehensive income attributable to:			
Members of the parent entity		**(2,342,915)**	**(4,442,043)**
Loss per share			
Basic and diluted loss per share (cents)	7	(0.23)	(0.48)

The above Consolidated statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes on pages 32 to 63.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	Consolidated Group 2016 $	2015 $
ASSETS			
Current Assets			
Cash and cash equivalents	8	244,419	648,040
Trade and other receivables	8	89,951	114,279
Total Current Assets		**334,370**	**762,319**
Non-Current Assets			
Property, plant and equipment	11	305,605	331,645
Mining interests	12	19,351,536	18,664,270
Total Non-Current Assets		**19,657,141**	**18,995,915**
Total Assets		**19,991,511**	**19,758,234**
LIABILITIES			
Current Liabilities			
Trade and other payables	13	763,503	625,838
Borrowings	14,15	3,493,692	3,254,012
Total Current Liabilities		**4,257,195**	**3,879,850**
Non-Current Liabilities			
Total Non-Current Liabilities		-	-
Total Liabilities		**4,257,195**	**3,879,850**
Net Assets		**15,734,316**	**15,878,384**
EQUITY			
Issued capital	16	145,649,257	143,237,430
Reserves	24	(770,142)	(555,129)
Accumulated losses	25	(129,144,799)	(126,803,917)
Total Equity		**15,374,316**	**15,878,384**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes with the accompanying notes on pages 32 to 63.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	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)**
Issue of share capital net of transaction costs	16	3,131,487	-	-	-	3,131,487
Balance at 30 June 2015		**143,237,430**	**212,980**	**(768,109)**	**(126,803,917)**	**15,878,384**
Balance at 1 July 2015		**143,237,430**	**212,980**	**(768,109)**	**(126,803,917)**	**15,878,384**
Comprehensive income						
Loss after income tax		-	-	-	(2,340,882)	(2,340,882)
Other comprehensive income for the year	24	-	-	(2,033)	-	(2,033)
Total comprehensive income for the year		**-**	**-**	**(2,033)**	**(2,340,882)**	**(2,342,915)**
Issue of share capital net of transaction costs	16	2,381,827	-	-	-	2,381,827
Shares issued in lieu of consulting fees	16	30,000	-	-	-	30,000
De-recognise equity component of convertible note liability	24	-	(212,980)	-	-	(212,980)
Balance at 30 June 2016		**145,649,257**	**-**	**(770,142)**	**(129,144,799)**	**15,734,316**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes on pages 32 to 63.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	Consolidated Group 2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Refund from suppliers		934	-
Exploration and development expenses		(61,083)	(66,727)
Payments to suppliers and employees		(1,362,923)	(2,982,699)
Interest received		3,316	1,755
Finance costs paid		(220,288)	(149,091)
Net cash used in operating activities	20a	**(1,640,044)**	**(3,196,762)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration expenditure on mining interests		(645,785)	(106,886)
Loans from related parties		40,062	-
Net cash used in investing activities		**(605,723)**	**(106,886)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity securities net of costs	16	1,136,232	3,131,487
Proceeds from borrowings		701,059	-
Net cash provided by financing activities		**1,837,291**	**3,131,487**
Net decrease in cash and cash equivalents		(408,476)	(172,161)
Cash and cash equivalents at beginning of financial year		**648,040**	771,707
Effects of exchange rate changes on the translation of foreign controlled entities		4,855	48,494
Cash and cash equivalents at end of financial year	8	**244,419**	**648,040**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying on pages 32 to 63.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF ACCOUNTING POLICIES

General information and Statement of compliance

Basis of Preparation

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Admiralty Resources NL is a for-profit entity for the purpose of preparing the financial statements.

Admiralty Resources NL is the Group's Ultimate Parent Company. Admiralty Resources NL Ltd is a Public Company incorporated and domiciled in Australia.

The consolidated financial statements for the year ended 30 June 2016 were approved and authorised for issue by the Board of Directors on 30 September 2016

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of the statements are as follows:

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 2016. 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 9 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.

b. Parent entity information

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.

c. Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

d. 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.

e. Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

e. Current and non-current classification (Continued)

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

f. 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.

Land

Freehold land is stated at revalued amounts. As no finite useful life for land can be determined, related carrying amounts are not depreciated

Buildings

Buildings are carried at cost less accumulated depreciation for buildings.

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.

Depreciation

The depreciable amount of all buildings, 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**
Buildings	2%
Plant and equipment	5%-25%
Office furniture and equipment	8%-33%
Motor vehicles	15%-25%

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

g. 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.

h. Exploration and Development Expenditure

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.

i. 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.

j. Financial Instruments

<u>Recognition and initial measurement</u>

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

k. Financial Instruments (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

k. Financial Instruments (Continued)

(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. 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.

(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.

(vi) Convertible Notes

Convertible notes are separated into the host liability and embedded derivative components based on the terms of the agreement. On issuance of the convertible notes, the embedded option is recognised at fair value using the Black Scholes method of options valuation. The host debt component of the convertible note is initially measured as the residual amount after separating the embedded derivative. The host debt is carried at amortised cost using the effective interest method until it is extinguished on conversion or redemption.

Embedded Derivative

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative.

The embedded derivative is separated from the host contract and accounted for as a derivative if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract. The embedded derivative is measured at fair value with changes in value being recorded in profit or loss.

<u>De-recognition of financial liabilities</u>

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

l. 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.

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.

<u>Derecognition</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

m. Foreign Currency Transactions and Balances

Functional and presentation currency

The consolidated financial statements are presented in Australian Dollars ($AUD), which is also the functional currency of the Parent Company

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.

Foreign operations

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.

n. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

o. 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.

p. 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.

q. 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.

r. 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(l) for further discussion on the determination of impairment losses.

s. 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.

t. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

u. 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.

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.

v. Issued Capital

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

w. Going Concern

The consolidated entity incurred a loss for the year of $2,340,882, and had net cash outflows from operating activities and from investing activities of $1,640,044 and $605,723 respectively for the year ended 30 June 2016. Additionally as at 30 June 2016 the consolidated entity had net current liabilities of $3,922,825 and net assets of $15,878,384.

The ability of the consolidated entity to continue as a going concern and realise its Mining Interests and other assets is dependent on a number of factors, the most significant of which is the consolidated entity's ability to raise capital to continue operations and development of Mining Interests.

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

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

- On 11 August 2016 the Convertible Note Lender, Smart East Global Limited ("SEG") signed a revised Convertible Note Facility effective from 1 September 2016. SEG has agreed to provide an additional draw down facility of up to US$1,500,000 and extend the expiry terms of the current Convertible Facility from 30 June 2017 to 31 August 2018. The additional funds will be expected to fund operating costs of the consolidated entity.
- The Directors continue to encourage the conversion of shares rather than repayment of cash proceeds. As at 30 June 2016 Smart East Global Limited had converted US$900,000 of the facility to ADY NL shares.
- The Company intends to issue additional shares as required pursuant to the Corporation Act 2001 and shareholder approval; and
- 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

w. Going Concern (Continued)

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

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

x. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

y. New, revised or amending Accounting Standards and Interpretations adopted

At the date of authorisation of the financial statements the following standards and interpretations have been applied where applicable;

- AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part C: Financial Instruments)
- AASB 2014-1 Amendments to Australian Accounting Standards (Part E: Financial Instruments)
- 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)
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

z. New Accounting Standards for Application in Future Periods

- *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 9 'Financial Instruments' (December 2014)	1 January 2018	30 June 2019
AASB 15 Revenue from Contracts with Customers	1 January 2018	30 June 2019
AASB 16 Leases	1 January 2019	30 June 2020
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 2017	30 June 2018
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)	1 January 2018	30 June 2019
AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	1 January 2016	30 June 2017
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 January 2016	30 June 2017
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	1 January 2016	30 June 2017
AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15	1 January 2017	30 June 2018
AASB 2015-9 Amendments to Australian Accounting Standards – Scope and Application Paragraphs	1 January 2016	30 June 2017
AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128	1 January 2016	30 June 2017
AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses.	1 January 2017	30 June 2018
AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	1 January 2017	30 June 2018
Clarifications to IFRS 15 Revenue from Contracts with Customers	1 January 2018	30 June 2019

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

aa. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements 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.

Key judgements

(i) 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 $19,351,536 (30 June 2015: $18,664,270). Mining interests are contained in Note 12 of the financial statements.

Key estimates

(i) Impairment – general

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

(ii) Convertible Note

At 30 June 2016 the Group had a debt of $3,453,630. The terms of the convertible note include:

a) Proceeds provided by the Lender are denominated in USD. The right to convert the debt into ADY NL ordinary shares, which are denominated in AUD;
b) Right to convert into ADY NL ordinary shares equivalent to 80% of the Volume Weighted Average Price per share.

As per AASB 139 paragraph 11

An embedded derivative shall be separated from the host contract and accounted for as a derivative under this Standard if, and only if:

(a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;

(b) the hybrid (combined) instrument is not measured at fair value with changes in fair value recognised in profit or loss (i.e. a derivative that is embedded in a *financial asset or financial liability.*

The Group has determined the characteristics of the convertible note meet the criteria of an embedded derivative according the above accounting standards. Further the embedded derivative has been valued separately from the debt host liability and recorded at fair value at each reporting period, with changes in value being recorded in profit or loss.

The assessed fair values of the embedded derivative are determined using a Black-Scholes option pricing model and a revalued at conversion and/or reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 2: PARENT ENTITY

	Consolidated Group	
	2016	2015
	$	$
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	264,676	574,779
Non-current assets	16,657,391	16,889,358
TOTAL ASSETS	16,922,067	17,464,137
LIABILITIES		
Current liabilities	429,389	464,464
Non-current liabilities	2,151,873	1,951,928
TOTAL LIABILITIES	2,581,262	2,416,392
NET ASSETS	14,340,805	15,047,745
EQUITY		
Issued capital	145,649,257	143,237,430
Reserves	-	212,980
Accumulated losses	(131,308,452)	(128,402,665)
TOTAL EQUITY	14,340,805	15,047,745
Statement of Profit or Loss and Other Comprehensive Income		
Loss after income tax	(2,905,787)	(3,972,915)
Total comprehensive loss	(2,905,787)	(3,972,915)

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 2016.

Contractual commitments

Payable – no later than one year	-	14,300
Payable – later than one year but not later than two years	-	-
	-	**14,300**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 3: REVENUE AND OTHER INCOME

	Note	Consolidated Group 2016 $	2015 $
Revenue from continuing operations			
Other:			
– Interest income - bank		3,316	1,755
– Other income		-	-
		3,316	**1,755**
Other Income:			
– Insurance Refund		934	-
– Gain on foreign exchange		-	58,642
– Gain on de-recognition of convertible note(i)		113,265	-
		117,516	**58,642**

(i) Gain on de-recognition of convertible note

On 1 July 2015 the Group repaid its first Convertible loan facility, between Admiralty Resources NL and Smart East Global Limited. This was achieved by drawing down an additional US$1,500,000 under the second facility Agreement which was used to repay the loan. The second facility agreement is held between Admiralty Resources (Hong Kong) Limited and Smart East Global Limited. As a result of the full repayment, a gain was recognised and accounted for in profit and loss.

NOTE 4: INCOME TAX EXPENSE

	Note	Consolidated Group 2016 $	2015 $
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		(2,340,882)	(4,449,715)
Tax at the statutory rate of 30% (2015: 30%)		(702,265)	(1,334,915)
Tax effect amounts which are not deductible/(taxable) in calculation taxable income:		245,401	121,710
Tax losses not brought to account as deferred tax asset		456,864	1,213,205
Income tax expense		**-**	**-**
The estimated deferred tax assets not brought to account:			
- Revenue		16,597,156	16,140,293
- Capital		2,978,019	2,978,019
		19,575,175	**19,118,312**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 4: 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.

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

The directors and other members of the key management personnel of the Company during the year were:

Bin Li	Executive Chairperson
Qing Zhong	Managing Director
Hanrui Zhong	Non-Executive Director

a) Key management personnel compensation

	2016 $	2015 $
Short-term employee benefits (i)	200,000	278,419
Retirement benefits	2,400	2,280
Total	**202,400**	**280,699**

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

The Board sets all remuneration packages, taking into account current market conditions to determine what the appropriate level of remuneration should be. The board remuneration policy is to ensure that the remuneration package of each key management persons properly reflects that person's duties and responsibilities.

b) Equity instrument disclosures relating to key management personnel

The numbers of shares in the Company held during the financial year by each Director and other key management personnel of the entity, including their personally related parties, are set out below.

30 June 2016	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	25,000,000	-	-	-	25,000,000
Qing Zhong(i)	196,849,965	-	-	20,761,500	217,611,465
Hanrui Zhong	97,791,965	-	-		97,791,965
Total	**319,641,390**	-	-	**20,761,500**	**340,403,430**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 6: AUDITORS REMUNERATION

		Consolidated Group	
		2016	2015
		$	$
Remuneration of the auditor for:			
	BDO East Coast Partnership:		
–	auditing or reviewing the financial statements of parent entity		71,800
–	Fees for non-audit services	-	-
	RSM Australia Partners:		
–	auditing or reviewing the financial statements of parent entity	60,000	-
–	Fees for non-audit services	-	-
		60,000	**71,800**

NOTE 7: EARNINGS PER SHARE

		Consolidated Group	
		2016	2015
		$	$
a.	Reconciliation of earnings to profit or loss:		
	Total loss after tax used in the calculation of basic and dilutive EPS	(2,340,882)	(4,449,715)
b.	Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive EPS (number)	1,007,906,669	921,065,774
c.	Basic and diluted loss per share (cents per share)	(0.23)	(0.48)

NOTE 8: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2016	2015
	$	$
Cash at bank and on hand	182,776	563,396
Short-term bank deposits	61,643	84,644
	244,419	**648,040**

NOTE 9: TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2016	2015
	$	$
CURRENT		
Security deposits	26,909	26,909
Sundry receivables	21,765	21,370
GST receivable	41,277	66,000
Total current trade and other receivables	**89,951**	**114,279**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 10: CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)	
		2016	2015
Subsidiaries of Admiralty Resources NL:			
Bulman Resources Pty Limited	Australia	100%	100%
Pyke Hill Resources Pty Limited	Australia	100%	100%
ADY Investments Pty Limited (iii)	Australia	100%	100%
Admiralty Minerals Chile Pty Limited	Australia	100%	100%
Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile (Branch)	100%	100%
Admiralty Resources (HongKong) Limited (ii)	Hong Kong	100%	100%
Fortune Global Holdings Corporation (ii)	British Virgin Islands	100%	100%
Servicios Admiralty Resources Chile Ltd *(i)*	Chile (Branch)	100%	100%

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

(ii) *Currently dormant.*

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2016	2015
	$	$
Land and Buildings		
At cost	178,892	178,892
	178,892	**178,892**
Plant and Equipment		
At cost	147,390	147,390
Accumulated depreciation	(69,089)	(57,055)
	78,301	**90,335**
Motor Vehicles		
At cost	83,245	83,245
Accumulated depreciation	(46,423)	(34,149)
	36,822	**49,096**
Office Furniture and Equipment		
At cost	21,009	21,009
Accumulated depreciation	(9,419)	(7,687)
	11,590	**13,322**
	305,605	**331,645**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 11: 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 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**
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation expense	-	(12,034)	(12,274)	(1,732)	(26,040)
Balance at 30 June 2016	**178,892**	**78,301**	**36,822**	**11,590**	**305,605**

NOTE 12: MINING INTERESTS

	Consolidated Group	
	2016 $	2015 $
Cost	19,933,049	19,245,783
Accumulated impairment losses	(581,513)	(581,513)
Net carrying amount	19,351,536	18,664,270
Movement in carrying amounts:		
Balance at the beginning of the year	18,664,270	19,138,897
Additions	687,266	106,886
Impairment	-	(581,513)
Balance at the end of the year	**19,351,536**	**18,664,270**

NOTE 13: TRADE AND OTHER PAYABLES

	Consolidated Group	
	2016 $	2015 $
CURRENT		
Unsecured liabilities:		
Trade payables	673,521	519,553
Other payables	89,891	106,285
Balance at the end of the year	**763,503**	**625,838**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 14: BORROWINGS

	Consolidated Group	
	2016	**2015**
	$	**$**
CURRENT	-	-
Convertible Note – Debt Host Liability(i)	2,222,372	3,254,012
Convertible Note – Derivative Liability(i)	1,231,258	-
Loans from related Parties (ii) (Note 22)	40,062	-
	3,493,692	**3,254,012**

(i) Convertible Note

On 1 July 2015 the Group revised the convertible note loan facility agreement between Admiralty Resources (Hong Kong) Limited and Smart East Global Limited. The revision would provide a further loan in the amount of US$1,500,000, with the total amount drawn down under the Second Facility Agreement increased to US$2,500,000. The sole purpose of the further loan was to repay the amount outstanding under the First Facility Agreement, held under Admiralty Resources NL to the Lender. The Group discharged all amounts outstanding under the First Facility Agreement to the Lender.

On 1 January 2016 the Group made a decision to revise the convertible note loan facility agreement. The revision would provide a further loan in the amount of US$500,000, with the total amount drawn down under the Facility Agreement increased to US$3,000,000. In addition Smart East Global Limited agreed to extend the completion date of the of the Convertible note loan facility by twelve months from 30 June 2016 to 30 June 2017.

On 24 June 2016 Smart East Global Limited provided the Group a conversion notice to convert US$900,000 of the facility to Admiralty NL's shares. (Refer to note 16).

As at 30 June 2016 the term of the loan is for one year and interest is due and payable at a rate of 12% per annum on a quarterly basis. Unpaid interest amounts are accrued and applied on the face value of the accumulated balance of the loan. 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.

The net proceeds received from the issue of the convertible notes are split between the derivative component (representing the residual attributable to the option to convert into ordinary shares at 30 June 2016 and the financial liability (debt host liability).

(ii) This loan is at call, unsecured and is non-interest bearing.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 15 : FAIR VALUE MEASURMENT

The following table gives an overview of the financial instruments valued at fair value.

	Fair Value Measurements at 30 June 2016 Using:		
	Quoted Prices in Active Markets for Identical Assets $ (Level 1)	Significant Observable Inputs $ (Level 2)	Significant Unobservable Inputs $ (Level 3)
Financial Liabilities			
Convertible note – embedded derivative component	-	-	$1,231,258 (AUD)

Valuation Techniques

In the absence of an active market for an identical liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured.

The assessed fair values of the embedded derivative are determined using a Black-Scholes option pricing model and a revalued at conversion and/or reporting date.

Key Inputs:

- Underlying share price $0.011
- Risk free rate: 1.59%
- Volatility: 77%
- Expected term: 12 months
- Vesting date: 30 June 2017

NOTE 16: ISSUED CAPITAL

	Note	Consolidated Group 2016 $	2015 $
Ordinary Shares			
At the beginning of the financial year		**143,237,430**	140,105,943
Shares issued in lieu of directors fees		40,000	-
Shares issued in lieu of consulting fees		30,000	-
Shares issued via underwritten rights offer		1,093,288	3,395,403
Shares issued on conversion of convertible debt		1,205,595	-
Shares issued via private placement		100,000	-
Share issue transaction costs		(57,056)	(263,916)
Contributed equity at the end of the financial year		**145,649,257**	**143,237,430**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Note 16: ISSUED CAPITAL (CONTINUED)

	2016 Number	2015 Number
Ordinary Shares		
At the beginning of the financial year	959,576,495	746,600,539
Shares issued in lieu of consulting fees	1,000,000	212,975,956
Shares issued via underwritten rights offer	54,664,403	-
Shares issued on conversion of convertible debt	129,675,646	-
Shares issued via private placement	8,333,333	-
Contributed equity at the end of the financial year	**1,153,249,877**	**959,576,495**

Options

The number of options on issue during the financial year was nil (2015: 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 2015.

NOTE 17: CAPITAL AND LEASING COMMITMENTS

			Consolidated Group	
			2016 $	2015 $
a.	**Exploration Expenditure Commitments**			
	Payable :			
	–	not later than 12 months	389,000	398,788
	–	between 12 months and five years	20,000	235,285
			409,000	634,073

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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. **Judgement 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.

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 Chile and the borrowing facility is held in Hong Kong. (Note 15.)

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 There are no inter-segment sales.

c. Business Segments – The Group operates in one business segment – mineral exploration.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

d. Segment information

	Australia 2016 $	Australia 2015 $	Chile 2016 $	Chile 2015 $	HK 2016 $	HK 2015 $	Consolidated 2016 $	Consolidated 2015 $
Revenue								
Other revenue from continuing operations	117,515	1,755	-	58,642	-	-	117,515	60,397
Total segment revenue	117,515	1,755	-	58,642	-	-	117,515	60,397
Segment revenue from continuing operations before tax							117,515	**60,397**
Loss								
Total segment result	(1,249,263)	(2,608,852)	(358,483)	(1,296,340)	(733,136)	(544,523)	(2,340,882)	(4,449,715)
Net loss before tax from continuing operations							**(2,340,882)**	**(4,449,715)**
Segment assets	323,739	618,535	19,661,797	19,120,572	5,975	19,127	**19,991,511**	**19,758,234**
Segment liabilities	659,055	2,416,396	143,912	76,854	3,454,228	1,386,600	**4,257,195**	**3,879,850**
Other								
Depreciation of segment assets	6,518	8,379	19,522	23,888	-	-	26,040	32,267
Impairment	-	-	-	581,513	-	-	-	581,513

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 20: CASH FLOW INFORMATION

			Consolidated Group	
			2016	2015
			$	$
a.	**Reconciliation of Cash Flow from Operations with Loss after Income Tax**			
	Loss after income tax		(2,340,882)	(4,449,715)
	Non-cash flows in profit:			
	-	Doubtful debts	-	6,770
	-	Depreciation	26,040	32,267
	-	Impairment expense	-	581,513
	-	Foreign exchange gain	32,770	531,640
	-	Unwinding of discount on convertible notes	-	247,375
	-	Share based payments	70,000	-
	-	Interest expense	501,531	-
	Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:			
	-	Decrease/(Increase) in trade and other receivables	24,329	(43,215)
	-	Increase/(Decrease) in trade and other payables	46,168	(103,397)
	Cash flow used in operating activities		**1,640,044**	**(3,196,762)**

NOTE 21: EVENTS AFTER THE REPORTING PERIOD

The following events took place after the reporting period:

Convertible Note

On 11 August 2016 the Convertible Note Lender, Smart East Global Limited ("SEG") signed a revised Convertible Note Facility effective from 1 September 2016. SEG has agreed to provide an additional draw down facility of up to US$1,500,000 and extend the expiry terms of the current Convertible Facility from 30 June 2017 to 31 August 2018. The additional funds will be expected to fund operating costs of the company.

No other significant events subsequent to reporting date other than stated above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 22: RELATED PARTY TRANSACTIONS

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

- Sun Investments Holdings– related party of Qing Zhong
- Jin Xin International Pty Ltd – related party of Qing Zhong and Hanuri Zhong
- Infinity Financial – related party of Scott Bennison

	Consolidated Group	
	2016	**2015**
	$	**$**
Sun Investment Holdings:		
- Rent of Admiralty Resources NL office	57,200	57,200
Jin Xin International Pty Ltd:		
- Commission – Underwriter Fee	-	272,609
Infinity Financial:		
- Accounting and tax services	-	39,119
	57,200	**368,928**
Loans from related parties:		
- Jin Xin International Pty Ltd	40,062	-
The following balances are outstanding at the reported date in relation to transactions with related parties:		
Jin Xin International Pty Ltd	40,062	-
Sun Investments Holdings	47,667	4,767
Infinity Financial	-	4,119
	87,729	**9,532**

NOTE 23: FINANCIAL RISK MANAGEMENT

(a) Financial risk management objectives

The consolidated entity's principal financial instruments comprise cash and both short 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:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 23: FINANCIAL RISK MANAGEMENT (CONTINUED)

2016	Weighted average Effective Interest Rate %	Fixed Interest Rate $	Floating Interest Rate $	Non-Interest Bearing $	Total $
Financial Assets					
Cash	0.74%	-	244,419	-	244,419
Trade and other receivables	-	-	-	89,951	89,951
Total financial assets	**-**	**-**	**244,419**	**89,951**	**334,370**
Financial Liabilities					
Trade payables	-	-	-	763,503	763,503
Convertible Notes	12%	3,453,630	-	-	3,453,630
Loans from related parties		-	-	40,062	40,062
Total financial liabilities		**3,453,630**	**-**	**803,565**	**4,257,195**

2015	Weighted average Effective Interest Rate %	Fixed Interest Rate $	Floating Interest Rate $	Non-Interest Bearing $	Total $
Financial Assets					
Cash	0.74%	-	244,419	-	244,419
Trade and other receivables	-	-	-	114,279	89,951
Total financial assets	**-**	**-**	**244,419**	**89,951**	**334,370**
Financial Liabilities					
Trade payables	-	-	-	625,838	625,838
Convertible Notes	12%	3,254,012	-	-	3,254,012
Total financial liabilities		**3,453,630**	**-**	**625,838**	**4,257,195**

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 23: FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 receivables 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.

(f) Liquidity risk management

Liquidity risk arises from the possibility that the consolidated entity might encounter difficulty in settling its ebts 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	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Financial Assets								
Cash	244,419	648,040	-	-	-	-	244,419	648,040
Trade and other receivables	89,951	114,279	-	-	-	-	89,951	114,279
Total financial assets	**334,370**	**762,319**	**-**	**-**	**-**	**-**	**334,370**	**762,319**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 23: FINANCIAL RISK MANAGEMENT (CONTINUED)

	Within 1 year		1 to 5 Years		Over 5 Years		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	$	$	$	$	$	$	$	$
Financial Liabilities								
Trade payables	763,503	625,838	-	-	-	-	763,503	625,838
Convertible Note	3,453,630	3,255,208	-	-	-	-	3,453,630	3,255,208
Loans to related parties	40,062	-		-	-	-	40,062	40,062
Total financial liabilities	**4,257,195**	**3,881,046**	**-**	**-**	**-**	**-**	**4,257,195**	**3,881,046**

(g) Fair values

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

	2016	2015
	$	$
Financial Assets		
Cash	244,419	648,040
Trade and other receivables	89,951	114,279
Total financial assets	**334,370**	**762,319**
Financial Liabilities		
Trade payables and accruals	763,503	625,838
Convertible note	3,453,630	3,254,012
Loans to related parties	40,062	-
Total financial liabilities	**4,257,195**	**3,879,850**

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 23: FINANCIAL RISK MANAGEMENT (CONTINUED)

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	
		2016	2015	2016	2015
		$	$	$	$
AUD/USD	+5%	4,596	7,566	4,596	7,566
	-5%	(4,596)	(7,566)	(4,596)	(7,566)
AUD/CLP	+5%	632	1,098	632	1,098
	-5%	(632)	(1,098)	(632)	(1098)
AUD/ HKD	+5%	36	44	36	44
	-5%	(36	(44)	(36)	(44)

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

Due to the de-recognition of the First Convertible Loan facility the equity portion has been derecognised in the reporting period.

	Consolidated Group	
	2016	2015
	$	$
Foreign currency translation reserve		
Balance at the beginning of the financial year	(768,109)	(775,781)
Exchange differences on translation of foreign controlled entities	(2,033)	7,672
Balance at the end of the financial year	**(770,142)**	**(768,109)**
Equity portion of convertible note		
Balance at beginning of financial year	212,980	212,980
Revaluation of equity reserve – convertible note	(212,980)	-
Balance at the end of the financial year	**212,980**	**212,980**
Total reserves	**-**	**(555,129)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 25: ACCUMULATED LOSSES

	Consolidated Group	
	2016 $	2015 $
Movements in accumulated losses were as follows:		
Balance at the beginning of the financial year	(126,803,917)	(122,354,202)
Net loss for the year	(2,340,882)	(4,449,715)
Balance at the end of the financial year	**(129,144,799)**	**(126,803,917)**

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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 2016, and the consolidated Statement of Profit or Loss and Other Comprehensive Income, consolidated statement of changes in equity and consolidated statement of cash flows for the 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 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. These Auditing 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 entity's preparation and fair presentation of the financial report 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 entity'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 opinions.

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 2016 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 qualifying our opinion, we draw attention to Note 1 (r) in the financial report, which indicates that the consolidated entity incurred a loss of $2,340,882 and had net cash outflows from operating activities and from investing activities of $1,640,044 and $605,723 respectively for the year ended 30 June 2016. Additionally, as at 30 June 2016 the consolidated entity had net current liabilities of $3,922,825. The ability of the consolidated entity to continue as a going concern and realise its Mining Interests and other assets is dependent on a number of factors, the most significant of which is the consolidated entity's ability to raise capital to continue operations and development of Mining Interests. These conditions, along with other matters as set forth in Note 1 (r), indicate the existence of a material uncertainty which may cast significant doubt about 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 14 to 18 of the directors' report for the year ended 30 June 2016. 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 2016 complies with section 300A of the *Corporations Act 2001*.

RSM

RSM AUSTRALIA PARTNERS

GNS

G N Sherwood
Partner

Sydney, NSW
Dated: 30 September 2016

ADDITIONAL INFORMATION FOR PUBLIC LISTED COMPANIES

1. Shareholder Information

(a) Distribution of shareholders by class as at 30 September 2016.

Category (size of holding)	Number of Holders	Ordinary shares
1-1,000	1,475	806,797
1,001-5,000	2,248	6,080,050
5,001-10,000	1,021	7,817,346
10,001-100,000	1,968	67,039,401
100,001-9,999,999,999	433	1,071,506,283
Totals	**7,145**	**1,153,249,877**

(b) The number of shareholdings held in less than marketable parcels is 6,268 as at 30 September 2016.

(c) The number of holders of each class of equity security as at 30 September 2016.

Class of Security	***Number***
Ordinary fully paid shares	7,145

(d) Substantial holders as at 30 September 2016.

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***
Smart East Global Limited	129,675,646	11.25
Sino Investment and Holding Pty Ltd	117,161,500	10.16
Sophie Zhong Pty Limited <I Like Shopping Property A/C>	70,501,898	6.11

(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 30 September 2016.

Name		*Number of Ordinary Fully Paid Share Held*	*% Held of Issued Ordinary Capital*
1	ABN AMRO CLEARING SYDNEY	197,994,004	17.16
2	PERSHING AUSTRALIA NOMINEES	134,748,503	11.68
3	SMART EAST GLOBAL LIMITED	129,675,646	11.24
4	CITICORP NOMINEES PTY LIMITED	120,268,488	10.42
5	SINO INVESTMENT AND HOLDING	117,161,500	10.15
6	SOPHIE ZHONG PTY LIMITED	70,501,898	6.11
7	HSBC CUSTODY NOMINEES	27,257,137	2.36
8	MR BAOJIANG LIU	25,000,000	2.16
9	AUSTRALIAN CHILE MINING	25,000,000	2.16
10	BNP PARIBAS NOMS PTY LTD	8,612,704	0.74
11	MISS XU CHEN	8,465,373	0.73
12	MR XIAN WEN XIANG	8,333,333	0.72
13	J P MORGAN NOMINEES AUSTRALIA	7,975,293	0.69
14	MR YONGJIN LUO	7,506,934	0.65
15	MR GUOQING CHEN	5,348,832	0.46
16	MRS YAO XU	5,000,000	0.43
17	TAN AND VUONG FAMILY SUPER	5,000,000	0.43
18	3D PENCIL PTY LTD	4,608,000	0.40
19	DR RICHARD STUART PARRY &	4,267,325	0.37
20	MRS XIUYING YIN	3,677,572	0.31

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

ADDITIONAL INFORMATION FOR PUBLIC LISTED COMPANIES

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 30 September 2016.

7. Unquoted Securities

There were no unquoted securities as at 30 September 2016.

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