

ADY.AU

Admiralty Resources NL

A\$ 0.05

30 March 2012
Iron Ore, Base Metals
Chile, Australia
Pre-Feasibility Study
Exchanges: ASX:ADY

ADY has multiple early to advanced stage projects in Chile's Iron Ore Belt, a region serviced by key infrastructure and available port capacity. Mariposa PFS expected 3Q12, production potential 2014. Maiden JORC resources expected at Simpson and La Chulula 3Q12.

Capital Profile

Share price (A\$)	0.05
52 week range (A\$/share)	0.03 to 0.10
Number of shares (m)	607
Options and warrants (m)	0
Convertible notes (m)	0
Fully diluted (m)	607
Market capitalisation (undiluted) (A\$m)	30.3
Debt (A\$m) - Mar 12F	0.0
Enterprise value (A\$m)	30.3
Major shareholders: Sino Investment & Holding Pty Ltd (12.9%)	
ABN AMRO Nominees (15.1%), HSBC Nom. (6.0%), McNeil Nom. (7.1%)	
Avg monthly volume (m)	7
Cash (A\$m) - Mar 12F	1.7
Price/Cash (x)	17.3
Price/Book (x)	0.6
Listed company options:	No

Production and Financial Forecasts

YEAR END: June	Dec-11a	Mar-12F	2011a	2012F	2013F
Exploration and evaluation (A\$m)	0.63	1.00	0.00	3.42	4.00
Corporate (A\$m)	0.47	0.50	2.32	1.94	2.00
Exploration/(Expl.+ Corporate) (%)	57	60	0	57	67
Funding duration at current burn (years)	-	-	2.2	1.0	-0.1
Shares on issue (pr end) (m shares)	606.5	606.5	606.5	727.6	727.6
Drilling - RAB (m) est.	0	0	0	0	0
Drilling - Other/Diamond (m) est.	1,604	2,000	0	17,604	10,000
Land holding ('000 ha)*	7	7	7	7	7
Tenement costs (\$k per year)	-	-	-	-	-
Capital raisings (A\$m)	0.00	0.00	5.22	5.45	0.00
Funding from JV partners (A\$m)	0	0	0	0	0
Cash (A\$m)	3.2	1.7	5.0	5.2	-0.6
Cash backing (Ac/share)	0.5	0.3	0.7	0.6	-0.1
Net asset backing (Ac/share)	8.3	7.4	7.6	6.8	7.3

*Iron Ore prospective tenements only, both held and under application. Quarters stated on calendar year basis.

Investment Points

Primary focus is iron ore in Chile. Expl. budget \$4mpa.

Iron ore projects (100% ADY) are located in northern Chile's producing Iron Ore Belt. Extensive local/regional infrastructure and port access.

Mariposa (Harper South): ADY's most advanced Fe project. Potential production 2014; 1mtpa, 20+ yr LOM. Resource 168mt @ 17.9% Fe. Beneficiates to ~63% Fe.

Mariposa: resource upgrade expected 2Q12; PFS 3Q12.

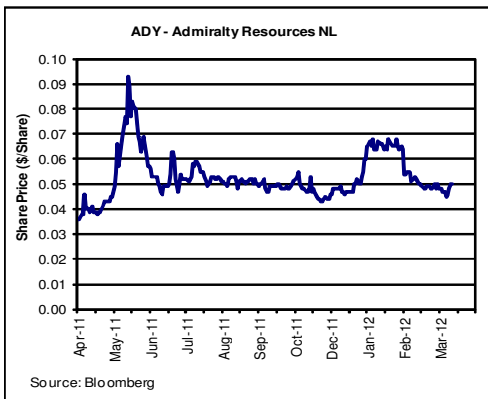
Maiden JORC resources expected 3Q12 at Simpson and La Chulula - could take ADY resources to >500mt.

Drilling diary 1Q-2Q12: Mariposa (3,000m), La Chulula (6,500m) and Simpson (6,500m).

Royalty stream at Harper North (VIC, Chile) could exceed US\$7mpa (first 10mt). Factored NPV US\$45m.

Chile is the second largest iron ore exporter in South America (10mtpa - mostly magnetite).

Sino Investment cornerstone investor: 12.9% ADY.



Company Comment

Overview: Admiralty Resources listed on the ASX Dec '83, and was restructured Dec '10. Stephen Prior was appointed Executive Director Feb '10 and Managing Director Mar '11. ADY is a diversified exploration company with mineral interests in Chile and Australia. Its main focus is iron ore projects (ADY 100%) in Chile. It also has a significant royalty interest at Harper North (Fe, Chile).

Iron Ore Projects: (Chile, ADY 100%) ADY holds early to advanced stage iron ore projects in the Chilean Iron Ore Belt in the Atacama desert. The region is host to Chile's major iron ore company, Compañía Minera del Pacifico (CMP, equity ~US\$1bn) producing ~12mtpa Fe, and which has iron ore mines at El Algarrobo (adjacent to ADY's Leo Sur project) and Los Colorados (6mtpa, CMP; adjacent to ADY's Pampa Tololo project) and a pellet plant at Huasco. Mitsubishi Corp. holds a 19.275% interest in CAP (CMP's parent co). Iron ore occurs as magnetite, with low levels of impurities, and can be beneficiated to >63% Fe fines. The region is serviced by the town of Vallenar and key infrastructure - highway, railway, power, airport and ports.

Harper South projects: (3,100ha: Mariposa, La Chulula, Soberana, Negrita, La Vaca, Mal Pelo); **Mariposa:** This is ADY's most advanced project, mined in the 1960s. JORC Resource is 168.4mt magnetite grading 18% Fe (SRK Consulting Chile, Sep '09) from surface to 100m. Resource upgrade expected 2Q12. Reserve statement and PFS (Redco Mining Consultants) expected 3Q12; open pit production potential 2014: 1mtpa; 20+ year LOM. While low grade (18% Fe), the resource readily upgrades to 63% Fe, and the project cost structure benefits from proximity to established infrastructure and short distance to port. Diamond drilling 3,000m (1Q12). **La Chulula:** The prospect contains a magnetic anomaly of 250m x 750m to ~700m depth indicating potential for a significantly larger resource than at Mariposa. Initial 600m diamond drill hole 1Q12. RC drilling 2Q12 (6,500m - two phases). Resource statement expected 3Q12. **Mal Pelo and La Vaca:** magnetic survey (4Q11) results awaited - potential drill programs 2012 and 2013. **Soberana:** high grade iron ore veins exposed at surface - fast-track to production. ADY indicates grade ~55% Fe with potential to produce magnetite lump. PFS underway (Redco). Potential trial mining 4Q12 (30kt/month). A straight forward project with low capex of US\$2-3m (crushing and magnetic separation) - it has potential to be a small, high margin, early cashflow operation. **Negrita** could be a second project similar in style to Soberana.

Pampa Tololo projects: (3,455ha: Cochrane, O'Brien, Simpson and Tolita); **Simpson** is the most prospective early exploration stage target with a large scale/intensity magnetic anomaly 800m in diameter at a depth of 200-250m. The target could be similar grade to Los Colorados mine (CMP) viz., 40% to 50% Fe but is at greater depth and could conceptually be mined underground. Not previously drilled. Initial RC drilling 2Q12 (6,500m - two phases). Resource statement expected 3Q12. **Cochrane and O'Brien:** magnetic survey results (4Q11) indicate prospective targets. Potential drill programs 2H12/2013.

Leo Sur project: (600ha) Early stage. Large iron surface samples observed. Potential IOCG target.

Other exploration: Bulman (NT; Pb/Zn) - airborne electro-magnetic survey 4Q11. Encouraging results 1Q12.

Royalty Stream: Vallenar Iron Company (VIC) - Australis Mining Ltd: ADY holds a royalty interest in Harper North iron ore tenements (Chile, Australis Mining Ltd) of 5.7% to 7.6% on revenue for the first 10mt of ore shipped, and 1.4% for ore over 10mt. Pre-tax revenues to ADY could exceed US\$100m for the first 10mt of production, and around US\$2mpa thereafter. Australis receivable US\$1.9m - being paid in US\$100k monthly increments. Project financing possible 2H12. Production/royalty potential 1H13.

Investment Comment: ADY's market cap is \$30m and appears set for re-rating with anticipated strong newsflow through 3Q12. Share price catalysts include potential for a significant resource expansion 3Q12 (to over 500mt) with maiden JORC Resources at Simpson and La Chulula. Other catalysts include Mariposa PFS and reserve statement, expected 3Q12; and confirmation of project finance for VIC which could see a royalty stream commence 2013. Sino Investment increased its holding to 12.9% 4Q11 (up 1.04%). ADY non renounceable rights issue (ann. 21 March) to raise up to \$5.5m at \$0.045/share underwritten by Sino.

Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian: (JORC)							
Iron Ore (Fe)	Classification	Project	Ore	Fe	Cut off	Fe	Fe Equity
		Equity	Mt	%	%	mt	Mt
Reserves						0.0	0.0
Resources							
Mariposa (Harper South)	(Meas, Ind, Inf)	100%	168.4	17.9	10	30	30
Mineralised Material (est., non compliant with JORC)						0.0	0.0

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Key Projects

Project	Ownership/		JV Partner	Target Type	Process Route	Project Status	Location
	Option	Metal					
Harper South	100%	Fe	na	Magnetite	Beneficiate	Scoping	Chile
Pampa Tololo	100%	Fe	na	Magnetite	Beneficiate	Early Expl	Chile
Leo Sur	100%	Fe	na	IOCG?	na	Early Expl	Chile
Bulman	100%	Pb, Zn	na	na	na	Early Expl	Aust (NT)
Pyeke Hill	50%	Co, Ni	ASX:CGM	na	na	Early Expl	Aust (WA)


Admiralty Resources project location map in northern Chile. ADY's projects are well situated in a producing iron ore district and proximal to major Chilean producer Compañía Minera del Pacífico's (CMP) projects at Los Colorados (ADY: Pampa Tololo) and El Algarrobo (ADY: Leo Sur).

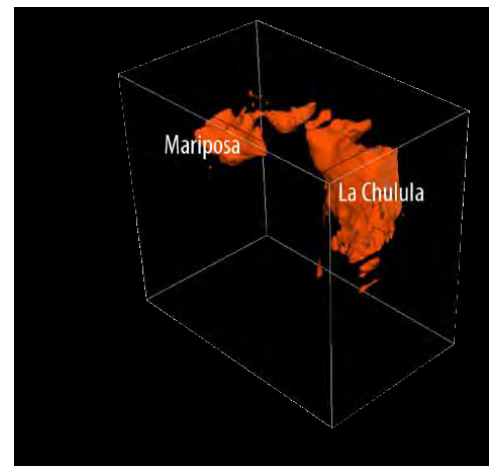


Chile's Iron Ore Belt has established infrastructure: ADY's projects are in a producing iron ore district serviced by the town of Vallenar and key infrastructure - highway, railway, power, airport and ports. The nearest port, at Huasco, is within 50km by road.

Harper South: 3D model of magnetic anomalies. La Chulula is several times larger than Mariposa.

- 6,800 hectares in the Chilean iron belt with internal roads network and no high mountain formations
- 46 km from the port of Huasco
- 7 km from the railway line owned by Ferronor S.A. and 3 km from the Pan American highway, with direct access
- 10 km within the town of Vallenar, regularly serviced by air
- High voltage power line, owned by Transelec S.A., traverses the concessions





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