

# Admiralty charges ahead

South America has almost become like a second home to Admiralty Resources NL, which has been exploring the vast continent for over a decade.

Although the explorer, like many of its peers, has delved into different commodities it's now found its calling in iron ore.

Managing director Stephen Prior's presentation offered a homespun account of where the company was heading.

With the explorer's Chilean iron ore projects at various stages of growth, Prior said it was important to realise their near-term value and get the mine-ready targets off the ground and into production.

"Our objective is to produce a high-quality iron ore (product) from magnetite using a dry magnetic separation process."

In pursuit of this strategy, the company's immediate objectives were to continue structured and focused exploration programmes targeting known anomalous targets at all three Chilean projects: Harper South, Pampa Tololo and Leo Sur. In addition to this, Prior said the company also planned to increase the mineral resources and upgrade existing resources to reserves, as well as getting the mine ready for production of 1.2 mtpa of finished product from the Mariposa and Soberana targets at Harper South.

The Mariposa target is where Admiralty has dedicated most of its time and funding, with the project holding a total resource of 168mt at a cut-off grade of 10% iron. Following a 3,000m diamond drilling campaign, a revised resource update was due out shortly subsequent to a reserve statement. However despite Admiralty's hopes for Mariposa other targets have outshined expectations including La Chulula.

"We didn't know of the existence of La Chulula until we'd done this ground magnetic survey work. It has proven to be a much larger ore body than Mariposa."

Although another mining company had previously punctured some holes at La Chulula it had missed the main mineralised zone revealing nothing, a lucky mistake, Prior said.

In February a diamond drill test hole to a depth of 600m revealed 450m of mineralisation. Admiralty was following this up with a 5,870m RC drilling programme which was currently under way as Pay-



RC drilling was under way at La Chulula and Simpson as Paydirt went to print

dirt went to print and was scheduled to wrap up in July.

The company was also in the midst of preparing a mine plan for Mariposa.

"We are looking at a capex requirement of \$US20 million, opex of \$US10 million, a life-of-mine of 20 years minimum and target pro-

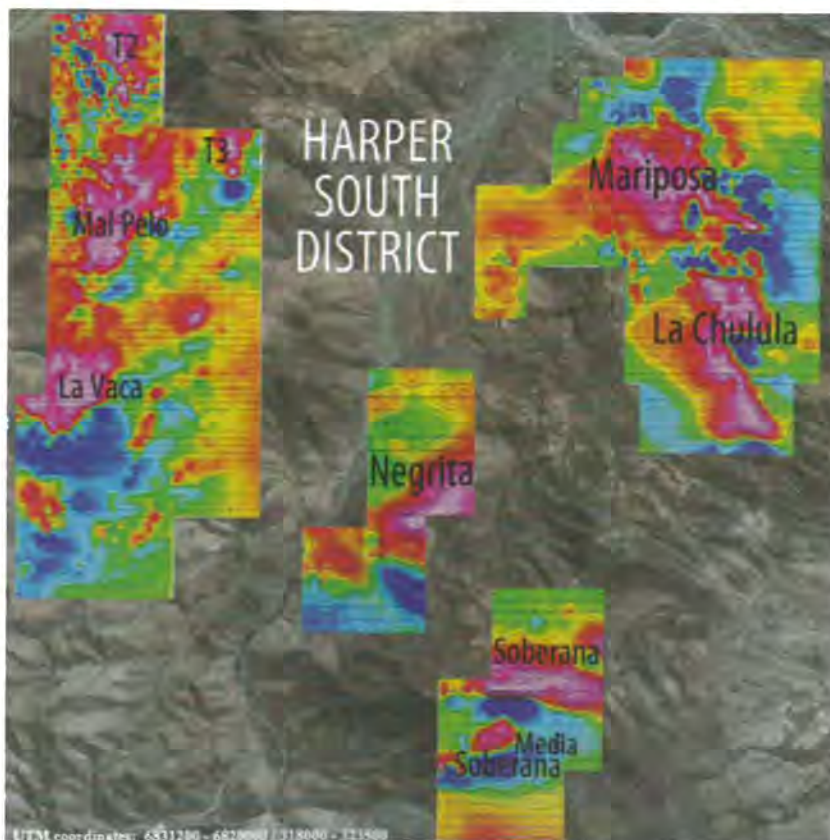
duction cost per annum of \$US45/t FOB. The most expensive by far is the transport to port and the port charges. Actual mining and processing is less significant."

At its other advanced target Soberana, Admiralty was looking at the possibility of creating a small-scale production of high-grade ore to generate early cash flow.

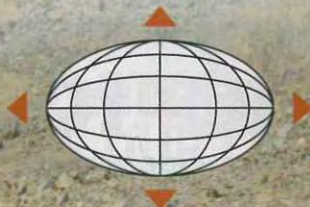
An exploration campaign had also ramped up at Admiralty's other project, Pampa Tololo, at the Simpson prospect with the same RC drill programme as La Chulula. Both programmes are the result of high resolution magnetic surveys at the end of 2011, which confirmed seven targets in Harper South and three targets in Pampa Tololo.

With the company's exploration budget set at \$5 million for the next 18-months, and the resource statement pinned to Mariposa due to be upgraded shortly, Prior believed there was still plenty of upside to be had at its Chilean assets.

- Bianca Thair



High resolution ground magnetic surveys at the Harper South district are helping to prove up the extent of mineralisation on Admiralty's properties



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