



# Admiralty Resources NL

2012 Highlights and Development Plans



Geologist at work



Night shift drilling at Soberana (July 2012)

High Quality Iron Ore from Magnetite in Chile

# Melbourne-based mineral exploration company Admiralty Resources NL (ASX: ADY) (“Admiralty”)

## Complete magnetic susceptibility picture of the three Chilean ore districts revealing a total of 15 targets

Goldberg Resources performed a due diligence of all the exploration data on Admiralty’s tenure in 2010.

The review resulted in the design of a rotating and methodical exploration strategy for all targets/tenements in order to assess the full potential of Admiralty’s projects in Chile. The programmes are now underway.

## Maiden exploration activities in two of our three Chilean iron ore districts: Pampa Tololo and Cojin

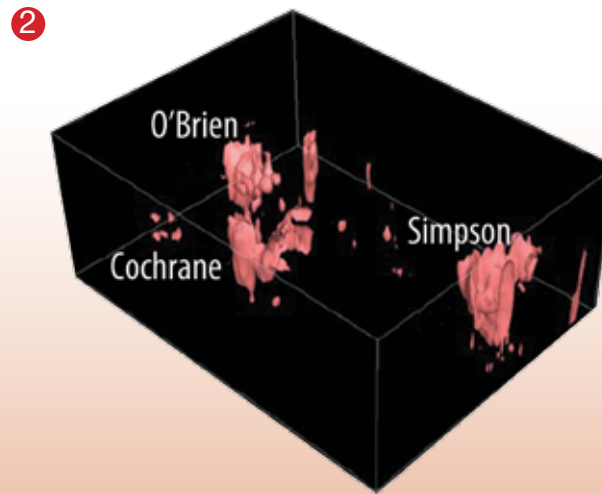
As part of its revised exploration strategy, Admiralty conducted high-resolution ground magnetic surveys in both Pampa Tololo (3,455 Ha) and Cojin (647 Ha) resulting in a total of 8 new targets distributed as follows:

- » **Pampa Tololo (3)** : Cochrane, O’Brien and Simpson; and
- » **Cojin (5)**: C1, C2, C3, C4 and C5.

## Commission of Pre-Feasibility Study for Mariposa

Mariposa currently contains a JORC compliant mineral resource statement and is the target for which Admiralty has the most of exploration information.

Redco Mining Engineers (“REDCO”) were engaged to perform a Pre-Feasibility Study to produce one million tonnes per annum of finished product. Results are expected in September-October 2012.



2 Admiralty arrives to the end of the 2012 financial year in its strongest financial and operational position to date, boasting three iron ore districts in Chile, a lead and counted with the support of its shareholders and has strengthened its Board by the appointment of Mr Hanjing Xu as independent Non-executive Director.

# presents the highlights achieved on the Company's projects for the 2012 financial year

## Highest number of metres drilled within the year (10,343m)

3,600m of combined diamond drilling in Mariposa and La Chulula and 1,834m of reverse circulation ("RC") drilling at La Chulula had been sunk as of 30 June 2012.

Subsequent to the end of the financial year, a further 914m have been drilled at La Chulula, 684m at Soberana and 3,311m at Simpson.

A second phase of RC drilling will follow in La Chulula and Simpson.

## Commission of the Early Mine Production Study for Soberana

Soberana was mined artisanally in the 1960s and exhibits very high grade exposed veins. The study is being completed by REDCO and it is centered on a monthly production of 5,000-30,000 tonnes of lump iron. A live test on 240 tonnes of raw material was performed satisfactorily in July 2012.

Results of the study and commencement of an initial production are expected in October 2012.

## Keeping an eye on mineral and geographical diversity

An airborne electro-magnetic survey, completed in the Bulman lead and zinc project in August 2011, delivered 3 main and 6 secondary exploration targets.

These targets are being followed up by an exploration programme designed to prove the existence of an ore body in Bulman (Northern Territory). Admiralty is dedicating 12% of the 2012-2013 exploration budget to fund mineral and geographical diversity.



*zinc project in Australia, with bolstered cash reserves and zero debt. The Company has undertaken promising development work in Chile and in Australia, has In a Copernican turn, Admiralty has been transformed into an active exploration company with a bright future and a set goal: profitable iron ore production.*



*Professor Ross Harper, Chairman of the Board*

# Harper South

where it can seek to raise funds to develop Mariposa and bring the deposit into production during the 2013/2014 year.

## La Chulula

La Chulula was confirmed in 2012 as Admiralty's primary target due to its dimensions: 250 x 900m (lateral) and depth of 600m, located near the surface.

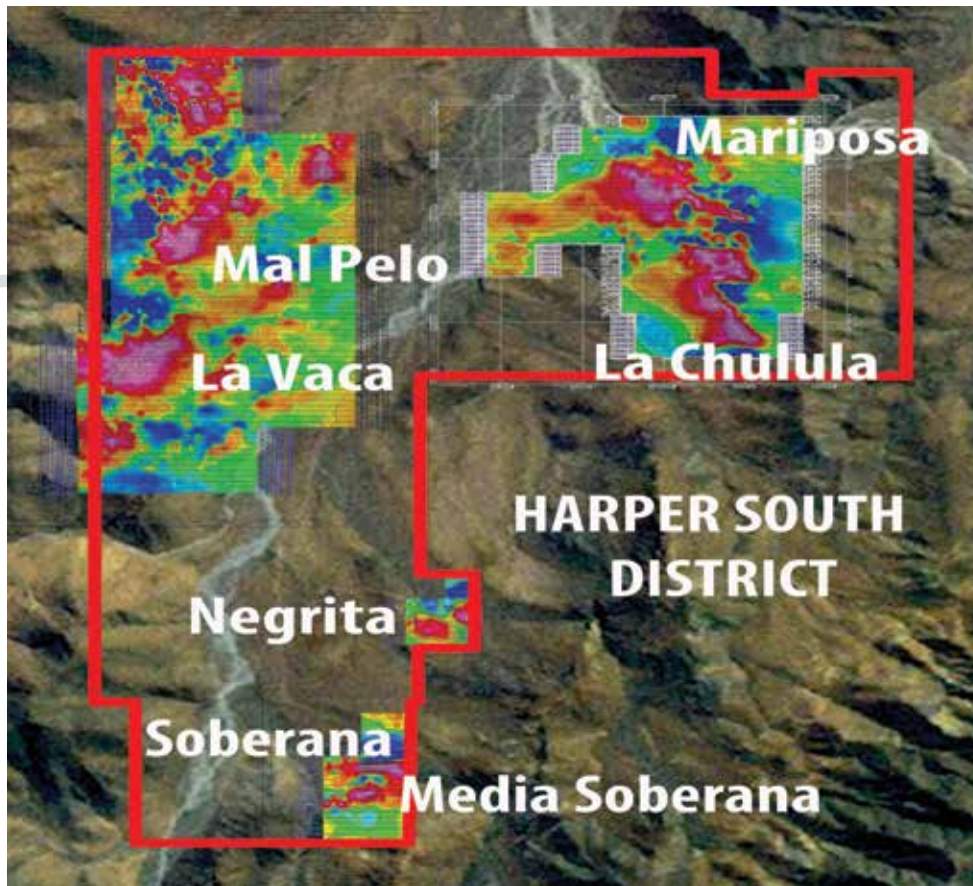
The exploration at La Chulula was fast-tracked by an initial 600m diamond drilling test hole in February 2012 and a RC drilling campaign in June 2012.

Another 3,500m RC campaign is scheduled for September 2012, after which a JORC compliant mineral resource statement is expected.

## Soberana

REDCO are preparing a scoping study for early iron lump production, focussed on maximising the run of mine and minimising the capex involved in the beneficiation process while producing a commercially marketable product.

The study seeks to fast-track a small scale production from 5,000-30,000 tonnes per month over a minimum of two years.



Combined magnetic susceptibility image of the Harper South district, superposed over its topography. Seven primary targets were identified by a series of high-resolution ground magnetic survey during the year (refer to picture on the right).

**H**arper South lies 15km south west of the city of Vallenar and it covers an area of 2,498 hectares. As a result of the systematic exploration conducted during the year, Admiralty has confirmed seven primary targets: Mariposa, La Chulula, Negrita, Soberana, Media Soberana, Mal Pelo and La Vaca.

## Mariposa

A Pre-Feasibility Study is currently being undertaken by REDCO in order to prove up the economic viability of Mariposa to support an initial production of one million tonnes per annum of finished product.

The results of the study are expected in October 2012 and will culminate in a new JORC compliant resource statement and a maiden reserve statement. These results will bring Admiralty to the stage



▲ PerfoChile, a well experienced Chilean drilling company, commenced drilling on 6 June 2012. Since then, 2,748m have been drilled at La Chulula and 3,211m at Simpson.

**P**ampa Tololo covers 3,455 hectares, lies 35 north of Vallenar, located within the Atacama Fault (Chilean iron belt), and is directly adjacent to *Los Colorados* mine, the largest producing iron ore mine in Chile, owned by Compañía Minera del Pacífico (CMP).

## The Year in Review

2012 has been a landmark year for the Pampa Tololo district, following the completion of the first exploration work since Admiralty acquired the tenements in 2007.

2012 saw a high-resolution ground magnetic survey and subsequent identification of three targets being carried out. The commencement of RC drilling at Simpson followed in July 2012.

# Pampa Tololo

## Targets

Cochrane, O'Brien and Simpson were the targets identified by the high-resolution ground magnetic survey. The targets were named in honour of three Chilean naval heroes.

## Simpson

Simpson is the most important target in relation to size/susceptibility: 800m in diameter, located at a depth of 200-250m and exhibiting a magnetic susceptibility of about 0.5 S.I. units.

## 2012-2013 Developments

A maiden RC drilling programme commenced in July and to date, 3,211m have been drilled.

It is expected this programme is followed by a second phase of RC drilling of approximately 3,500m in late October 2012. A JORC compliant mineral resource statement is expected for early 2013.

Similar exploration programmes will follow at the Cochrane and O'Brien targets.

# Cojin



▲ Exposed iron outcrops in the Cojin district, photographed during a field visit in December 2011 when it was determined that the mineralisation in Cojin is IOCG (Iron Ore Copper Gold), very common in the Chilean iron belt.

The Cojin district (formerly known as Leo Sur) covers 647 hectares and it is within 50km from Admiralty's other iron ore districts and 8km from the *El Algarrobo* mine, one of the largest Chilean producers of iron pre-concentrates for CMP, Chile's largest iron ore producer.

## A Bit of History

The name given to the district originated during a field visit in late 2011 when a solitary example of a *grusonii*, the Latin name for a species of native cactus found in Chile, was noted in the property (refer to picture on the right).

Grusonni are popularly known as "*cojín de la suegra*" in Spanish, which means "*mother-in-law's cushion*" in English.

## Ground magnetics

A high-resolution ground magnetic survey was carried out in February/March 2012, marking the first exploration work since this district was acquired in 2005.

The survey identified very strong positive and negative anomalous patterns and successfully confirmed five iron targets of depths between 100-700m, located near the surface and exhibiting magnetic susceptibility values of up to 0.9 S.I. units.

## Future work

Admiralty's external geological consultants, Goldberg Resources, has examined the data available and concluded the Cojin district is an IOCG -Iron Oxide Copper Gold- deposit type.

It is possible that four of the targets at Cojin represent a structural body. An initial limited RC drilling campaign is programmed for October 2012.



▲ Solitary *Grusonii*, specie of native cactus found in the Cojin district.



# Bulman

**B**ulman is a lead and zinc oxide exploration project located in the Northern Territory of Australia. It consists of two granted mineral leases and two exploration licences.

## Airborne electromagnetic survey (“AEM”)

Fugro Airborne Surveys carried out an AEM survey over EL23814, which occupies most of the mineral tenure of Bulman, in August 2011. The purpose was to determine the 3D geometry of the dolerite sills in the area and to identify any bedrock conductors.

The survey interpretation highlighted areas of thicker sedimentary sequence and deeper dolerite contact up to 178 metres in areas located to the east and north of the central zone of the EL23814.



Excavator working on one of the exposed veins at Soberana to collect the 240 tonnes that were used for live testing in July 2012 as part of the Early Production Mine Study.

Location map of the Bulman Project.



Geological consultants Geos Mining were later commissioned to review the data and locate potential mineralisation, which resulted in the identification of three main and six secondary exploration targets.

## 2012-2013 Exploration

This programme has been designed as a follow up of the targets identified by the AEM and is scheduled to run for five to seven weeks from September 2012.

The programme will focus on promising lead and zinc target areas and includes:

- » geological mapping, rock chip and soil sampling;
- » ground based electromagnetic surveying of selected anomalies; and
- » 1,000 of RC drilling distributed in 7 holes.

This exploration programme has been designed in order to assess if there is a financially viable ore body in Bulman and it represents approximately 12% of the annual exploration budget of Admiralty.

*I am pleased with the progress Admiralty has made in its strategy to bring its iron ore projects to a stage where systematic exploration can take place and production can start gradually in the upcoming years. Our vision remains unchanged: Admiralty is well poised to have an opportunity to participate in the iron market as long as a conservative approach to production and a correct production process that maximises iron recoveries while minimising costs prevail. ◀◀*

*Stephen C. Prior, Managing Director*

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Day shift - PerfoChile operators during RC campaigns (June - July 2012)

*Caption for photographs on pages 2 and 3*

- 1** Location map of Admiralty's three iron ore districts in Chile and surrounding infrastructure. Map not to scale.
- 2** 3-D view of the results of the high-resolution ground magnetic survey - Pampa Tololo district.
- 3** Provisional layout of the mine facilities at Mariposa.
- 4** Core samples from diamond drilling hole AD-06 at Mariposa, at 77m depth, with a visually estimated 50% Fe for a length of 94.30m.
- 5** Iron ore lumps finished product obtained from the live testing at Soberana.
- 6** Sedimentary outcrop at one of the targets of the 2012 exploration programme in Bulman.