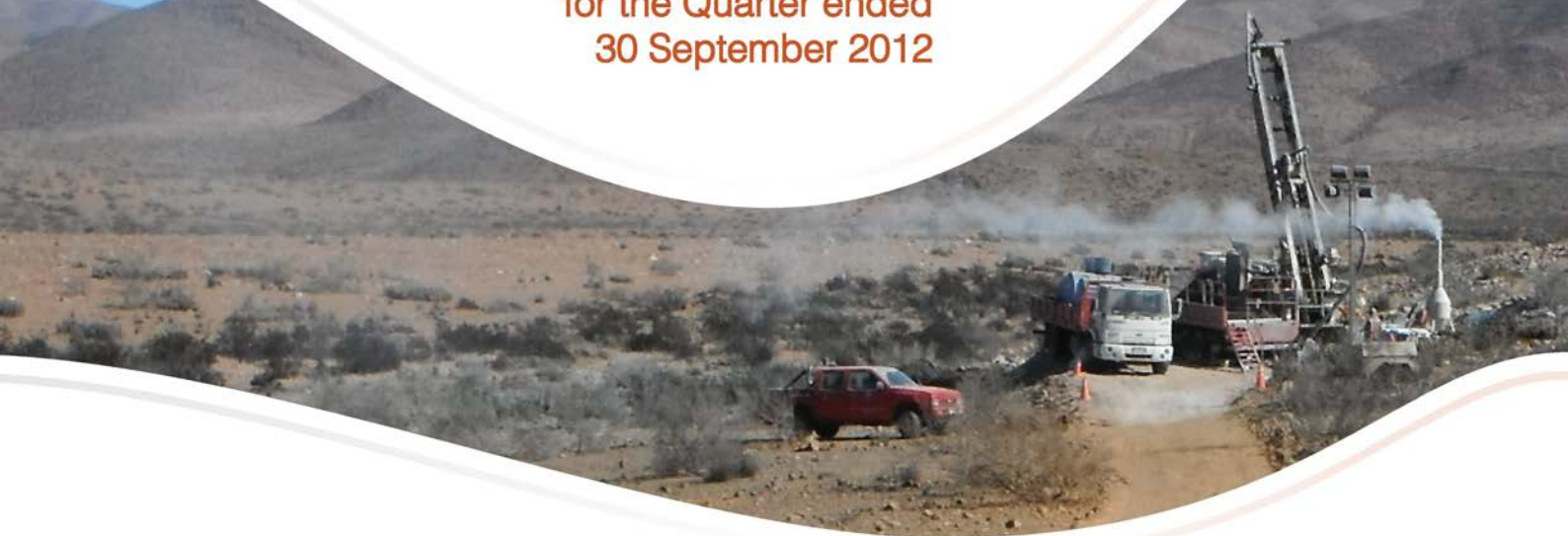


Quarterly Activities Report

for the Quarter ended
30 September 2012



Admiralty Resources NL (ASX: ADY) is pleased to report its activities for the September 2012 Quarter on the Company's mineral projects in Chile and Australia.

Highlights

- Continuing work was performed on the Pre-Feasibility Study for Mariposa, with results expected within the next month.
- Continuing work was performed on the Scoping Study for Soberana with results expected within the next month.
- As part of the Scoping Study, a 240 tonnes live test and 600m of RC drilling were carried out in July 2012.
- A total of 5,883m of RC drilling were completed at La Chulula (Harper South) during June and October.
- A total of 3,253m of RC drilling were completed at Simpson (Pampa Tololo).
- A ground magnetic survey, rock and soil sampling and 1,000 of RC drilling were performed as part of the 2012 exploration programme in Bulman (NT).
- Mr Hanjing Xu was appointed independent Non-Executive Director on 2 August 2012 and elected as such at the AGM.
- \$920,000 was spent in exploration and evaluation. An exploration budget of \$1.3M has been allowed for the December quarter.
- The quarter ended with cash on hand of \$4,633,000 (previous quarter: \$6,223,000).



Introduction to Admiralty

About Admiralty Resources NL

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

Admiralty's flagship projects are the iron ore districts in Chile: Harper South (2,498 Ha), Pampa Tololo (3,455 Ha) and Cojin (600 Ha). The districts are located in prime locations, with close and easy access to the Pan-American Highway (a major route), a railway and power line and operating shipping ports.

Admiralty's projects in Australia are the Bulman Project, a lead and zinc project located in the Northern Territory and the Pyke Hill Project, a cobalt and nickel project in Western Australia, whose mining lease is 50% owned by Admiralty.

Admiralty in Chile

Admiralty operates in Chile through Admiralty Minerals Chile Pty Ltd Agencia in Chile ("AMC"), its foreign branch. AMC's strategy is focussed on becoming a player in the Chilean iron ore industry through the ability to efficiently produce high-grade finished product of an average of 62% Fe from high, medium and low grade ores using a dry magnetic separation process. To this extent, the Company's strategy is based on the following principles:

1. Confirmation of the mineralisation type found in AMC's concessions:
 - **Magnetite based**, which can be divided in three subtypes: massive magnetite (with high magnetite content, over 50% Fe), veins (with moderate magnetite content, between 30-50% Fe) and disseminated magnetite (with low magnetite content, between 10-30% Fe).
The eastern targets of the Harper South District (Mariposa, La Chulula, Negrita and Soberana) show this sort of mineralisation, as does the Pampa Tololo District.
 - **IOCG based**. IOCG (iron oxide copper gold) is a type of mineralisation very common in the Chilean iron belt. The western mineral concessions of the Harper South district (Mal Pelo and La Vaca) and the Cojin district exhibit this sort of mineralisation.
2. Advancement towards production at the Soberana and Mariposa Projects, with an initial production target of 1.2 million tonnes per annum of iron ore fines out of Mariposa and 360,000 tonnes per annum of lump iron or fines out of Soberana.

Examples of this commitment are the ongoing work since 2011 on a Pre-Feasibility Study for Mariposa and an Early Mine Study for Soberana.

3. Prioritisation of drilling programmes in prominent targets where no previous drilling has occurred. Drilling targets have been selected according to the degree of magnetic susceptibility detected by high resolution ground magnetic surveys, with the aim to advance the largest two districts, Harper South and Pampa Tololo, simultaneously.

Examples of this strategy are the recently completed three phases of RC drilling campaigns in Simpson (1, August/September 2012) and La Chulula (2, June/July, September/October 2012) and the upcoming preliminary 2,000m of RC drilling at Cojin.

4. Develop suitable exploration programmes aimed at defining an accurate geological model of the ore body in question, to increase the mineral resources of the Company or update some of the resources into reserves.
5. Continuous improvement and cost control.

Admiralty in Australia

Bulman Project

The Bulman Project is located within Arnhem Land, approximately 320km northeast of Katherine, in the NT and it comprises two exploration licences and two mineral leases. A mine management plan following up on the targets identified by the 2011 airborne electromagnetic survey has been completed recently and results are expected in the December quarter

Pyke Hill Project

The Pyke Hill Project comprises a single granted Mining Lease which covers an area of 5.37km² and it is located near Leonora, in WA, approximately 40km southeast of the Murrin Murrin Nickel Operation operated by Minara Resources Limited. The Pyke Hill Project has a publicly available JORC compliant nickel and cobalt mineral resource and it is 50% owned by Admiralty and it is leased to Cougar Metals NL (ASX: CGM).

Activities for the Quarter

Harper South District

Introduction

The Harper South district (“Harper South”) lies 15km south west of the city of Vallenar in Region III of Chile. The district covers an area of 2,498 hectares, where exploration to date has identified seven targets and two anomalies: Mariposa, La Chulula, Soberana, Media Soberana, Negrita, La Vaca, Mal Pelo, T2 and T3.

Harper South is the most advanced district in respect to exploration. Mariposa, Soberana and La Chulula are the three most important projects on Admiralty’s exploration timeline as follows:

- **Mariposa** is the most developed target and has a JORC compliant resource. A 3,000m diamond drilling programme was performed in early 2012 and a resource upgrade is expected in the December quarter.
An engineering mine plan (or Pre-Feasibility Study) to produce 1.2 million tonnes of finished product per annum has been commissioned to Redco Mining Engineers and results are expected in the December quarter.
- **Soberana.** Redco Mining Engineers are working on an early mine production study out of Soberana with results expected before the end of 2012. Soberana was mined artisanally in the 1960s and has very high grade exposed veins, which will allow for the production of 30,000 tonnes of iron ore per month. The finished product can be either lump or fines.
- **La Chulula.** A high resolution ground magnetic survey carried out in 2011 showed it as the ore body with highest susceptibility and depth within Harper South. A 600m diamond drilling test drill hole was sunk in February 2012 and two RC drilling campaigns have been conducted since June 2012.

Mariposa

Pre-Feasibility Study (PFS)

Redco has continued work on the definition of the geological model of Mariposa, the updated resource statement, iron recovery estimation, the mine plan, the processing of the ore, equipment sourcing and mine operations.

Redco has provided a preliminary draft of the PFS, which is currently being refined. It is expected that the final complete PFS report is received within the next month.

The report will include an updated resource statement based on the audited drill hole data.

A maiden reserve statement is also scheduled to be received by the end of the current quarter.

La Chulula

Second phase Reverse Circulation (RC) drilling programme

A maiden RC drilling campaign of 2,748m was completed at the high priority target on mid July. The drilling was distributed across ten holes with depths between 200m and 350m and a batch of samples was selected to be sent to laboratory for assaying.

The results from laboratory and the quick log of the drilling data permitted Admiralty’s external geologist, Inversiones Goldberg Resources, to design a preliminary geological model of the ore body upon which a second phase RC drilling campaign was designed.

The second RC drilling campaign was completed during September and October 2012, with a total 3,135m drilled distributed in 17 holes. Further samples from this campaign have been selected and sent for assaying.

Once the results of the assays are received, it is scheduled that a third RC campaign takes place in November/December 2012. The purpose of this campaign is to do infill drilling in non-covered areas or areas of interest and test the depth of the ore body. See *Figure 1* for more details.

A maiden mineral resource statement will be commissioned following the interpretation of the combined drilling. This report is expected during the first quarter of 2013.

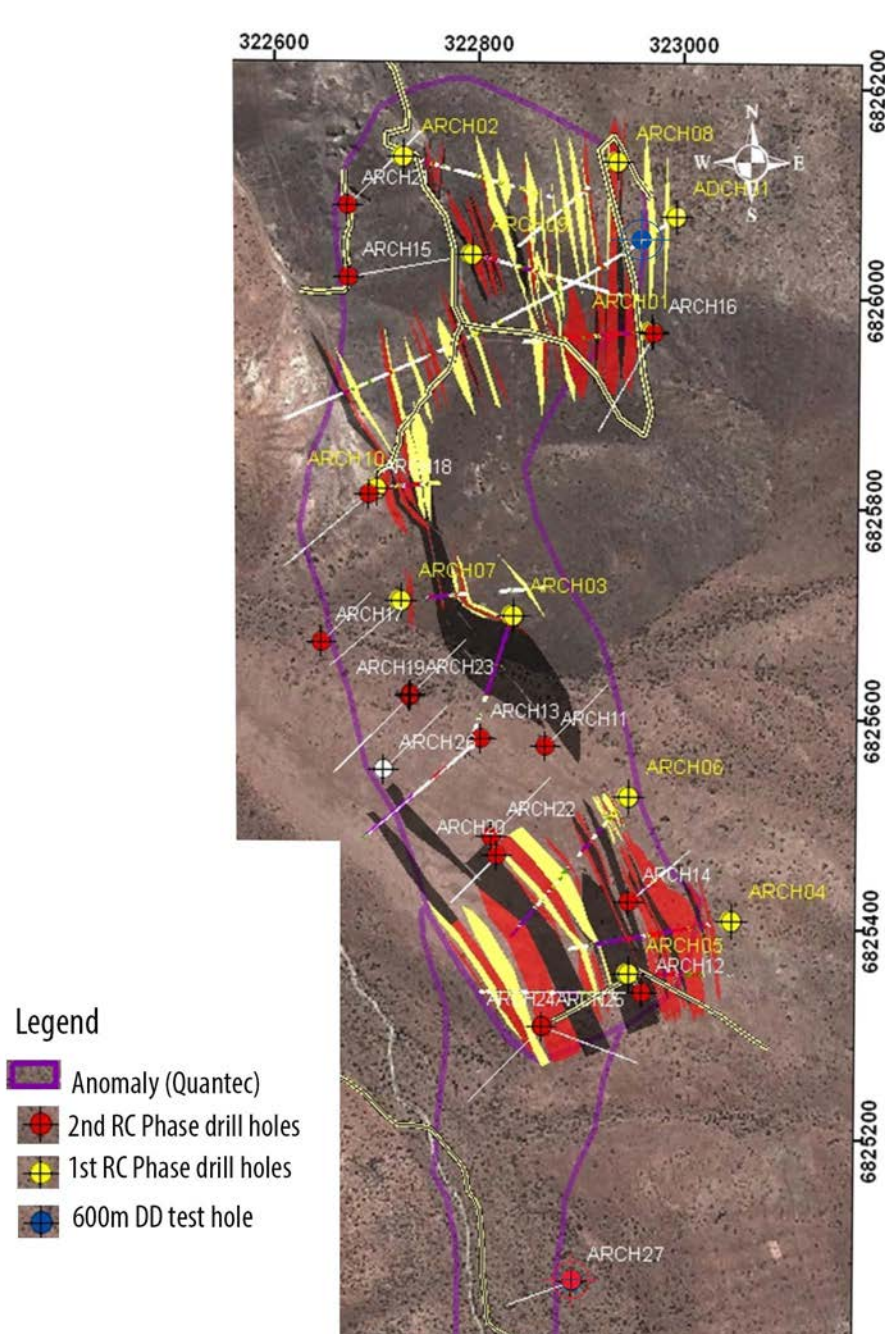


Figure 1: Delineation of the La Chulula magnetic susceptibility image with the location of all drill holes sunk to date.

Soberana

The Soberana Project will provide Admiralty with its first income stream from the Harper South district, taking advantage of the prime geographical location: 7km from a main highway, 6km from a railway line and 17km from the township of Vallenar.

The results received from the high resolution ground magnetic survey performed over the Soberana target zone have previously confirmed the prospectivity of the project.

Early Mining Production – Scoping Study

In March 2011, Redco Mining Engineers were commissioned to define a scoping study in order to achieve early iron lump production while maximising the run of mine and minimising the capex involved in beneficiation, while producing a commercially marketable product.

Redco reviewed all geological and survey data to fully define the scope of the study, with particular focus on the processing and plant design and work on the permitting and mining subcontracting.

As part of the study, 240 tonnes was extracted out of Soberana and taken to a plant owned by Minera MACS S.A. The ore was then subjected to real live testing including blasting, screening, crushing and concentration in early July. See *Figure 2*.

Following the live test, a 600m RC drilling programme was conducted in order to perform some chemical and mineralogical analysis.

Redco has provided a draft of the Scoping Study and is currently working at refining it.

A draft of the EIS (Environmental Impact Study) has also been provided to our mining legal counsel for review and submission to the Chilean Environmental Authorities. It is expected submission takes place before the end of the year. Expected approval time can range from 3-5 months.

The final Scoping Study is expected to be received within the next month and it will include a maiden mineral resource statement in the inferred and indicated categories for Soberana.



Figure 2: *Finished product out of Soberana from live testing.*

Negrita, La Vaca & Mal Pelo

These targets were subject to high-resolution ground magnetic survey in August 2011 and February 2012. However, no further work has been carried out since then.

Pampa Tololo District

Pampa Tololo District covers 3,455 hectares and is located north of Vallenar, Chile, 200m across from Los Colorados, one of the most successful iron mines in Chile, owned by the largest iron producer in the area, Compañía Minera del Pacífico (“CMP”).

AMC completed a ground magnetic survey over the Pampa Tololo concessions in September 2011. The results and 3-D inversion of the survey revealed three distinct iron targets: Cochrane, O’Brien and Simpson. Simpson is the most important target in relation to size and susceptibility: 800m in diameter, located at a depth of 200-250m and exhibiting magnetic susceptibility of approximately 0.5 S.I. units.

Reverse circulation drilling programme at Simpson

A scheduled RC drilling campaign was completed at Simpson in July and August 2012, following the completion of the drilling programmes at La Chulula and Soberana.

The drilling programme consisted of 3,253m, distributed in 7 holes with a depth between 402-495m, as shown in the *Figure 3*.

Laboratory testing is currently being performed and the results of the assays and the initial geological model produced by the quick log of the drilling data will be assessed during the current quarter.

This campaign was the first drilling to be undertaken at the Pampa Tololo district since Admiralty acquired the concessions in 2007.

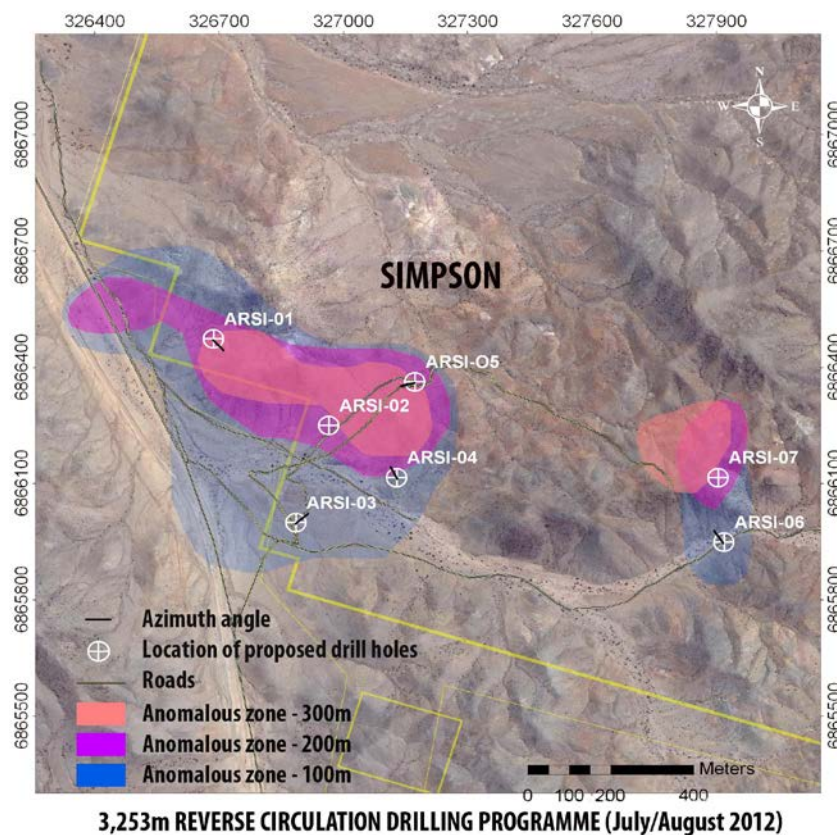


Figure 3: Location of drill holes sunk at Simpson in July-August 2012.

Cojin District

The Cojin District covers 647 hectares and makes up 10% of Admiralty's mineral tenure in Chile. The district is located 43km south of the township of Vallenar and 8km from El Algarrobo, an iron ore mine owned by CMP, which supplies pre-concentrates to CMP's iron pellet plant in the port of Huasco. See *Figure 4* for location.

A survey completed in the June quarter marked the first exploration work that had been completed in the Cojin District since the Company first acquired interest in the iron ore projects in 2005.

The survey succeeded in detecting very strong positive and negative anomalous patterns in confirming five iron targets: C1, C2, C3, C4 and C5 exhibiting susceptibility values of up to 0.90 S.I. units and depths up to 750m.

No further exploration activity has taken place during this quarter. However, an initial RC drilling campaign of 2,000m is scheduled to commence imminently.



Figure 4: Geographical location of the Cojin District, 90 km from the ports in the Huasco area.

Bulman Resources Pty Ltd (“Bulman”), Northern Territory

The following exploration programme (refer to *Figure 5* for working areas) for Admiralty’s lead and zinc Bulman Project in the Northern Territory (“NT”) have taken place during the quarter:

- Geological mapping, rock chip and soil sampling;
- Access track preparation;
- Ground based electromagnetic (“EM”) surveying of selected anomalies; and
- 1,000m of RC drilling. The programme focussed on promising lead and zinc (“Pb-Zn”) target areas where a thicker sedimentary sequence and deeper dolerite contact was detected by the airborne electromagnetic survey (“AEM”) survey.

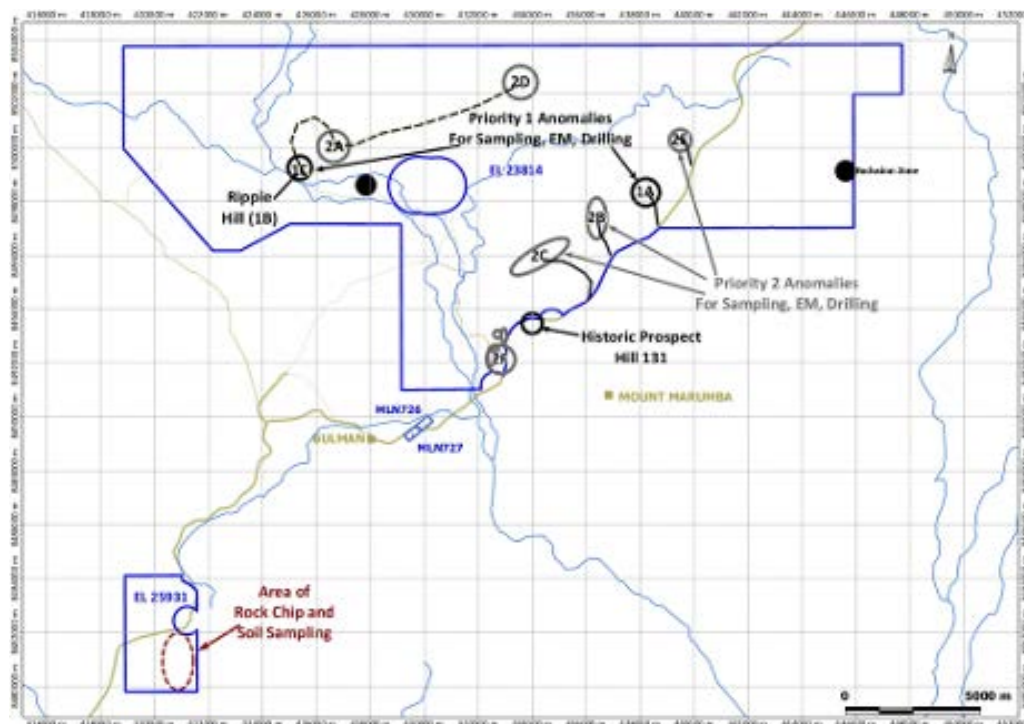


Figure 5: Map showing where the different exploration activities will be taking place within the mineral interests in the Bulman Project: exploration licences EL23814 (top) and EL25931.

The exploration programme was designed as a follow-up of targets identified by the interpretation of the AEM survey performed by Fugro Airborne Surveys over EL23814 in August 2011.

The results of the programme are expected to be received this quarter.

Pyke Hill Resources Pty Ltd (“Pyke Hill”), Western Australia

No activity has taken place during the quarter other than ongoing discussions with Cougar Metals NL, the tenant in respect to mineral rights, and Richore Pty Ltd, holder of 50% of the tenement, to facilitate a favourably commercial outcome for all parties that allow the exploitation of the asset.

Corporate

Strengthening of the Board

In August 2012, Admiralty appointed Mr Hanjing Xu an independent Non-Executive Director.

Mr Xu is an experienced company director and has had more than 25 years of service with resource companies in a wide range of mining situations, commodities and overseas jurisdictions.

Mr Xu has held senior management positions including Executive Director of Sino Gold Mining Limited and Managing Director of Eldorado Gold China. He is currently a non-executive director of Bligh Resources Ltd (ASX: BGH), as well as holding executive positions in private companies.

Mr Xu's in-depth knowledge of China was instrumental to the success of Sino Gold Mining Limited and its successful A\$2.2B takeover by Eldorado Gold (ASX: EAU) in August 2009.

Mr Xu's experience will strengthen the mining skills of the Board as the Company progresses towards becoming an iron producer.

Release of Annual Report and Hosting of AGM

Admiralty released its Annual Report for the period ended 30 June 2012 on 31 August 2012.

Admiralty called its AGM on 13 September 2012. The AGM's agenda included the following resolutions:

1. Receipt of the financial accounts for the 2012 FY;
2. Adoption of the Remuneration Report;
3. Re-election of Mr Michael Perry as a Director; and
4. Election of Mr Hanjing Xu as a Director.

The AGM was held on 23 October 2012 at Oaks On Collins, 480 Collins Street, Melbourne and all the resolutions were passed.

Royalty stream from SCM Vallenar Iron Company ("VIC")

Australis currently has an outstanding debt of \$700,000 to Admiralty. This debt relates to the default of the mutually agreed deferred payment plan in 8 instalments in respect of US\$1 million, which was due on 16 March 2012. The deferred payment plan consisted of 7 monthly instalments of US\$100,000 and a final instalment of US\$300,000 which was due on 16 October 2012.

The first three instalments of US\$100,000 were received, however the remaining \$700,000 was overdue as of 16 October 2012, with the debt expected to increase to \$1,700,000 on 16 November 2012, the date on which the final cash instalment in respect of the purchase of VIC is due.

Admiralty has been in discussions with Australis in this respect, however no successful outcome has been reached. Admiralty's external legal consultants, Hall & Wilcox, has issued a Letter of Demand to Australis for the outstanding debt to be paid in the next two weeks.

In the absence of a satisfactory outcome to the Letter of Demand, Admiralty will instruct its legal counsel to proceed with legal action in order to recover the amounts due, which may include exercising Admiralty's security over the assets owned by VIC (mineral concessions in Harper North and the Punta Alcalde maritime concession).

During the quarter, VIC has informed Admiralty they continued seeking finance for the development of their projects and advanced its engineering to commence production before the end of this year.

Outline for the December Quarter

Exploration

1. Exploration budget: \$1,300,000.

2. Mariposa

- Completion and release of the Pre-Feasibility Study, including an updated Mineral Resource Statement and Maiden Reserve Statement.
- Continue the discussions for plant construction and operation by third parties.

3. Soberana

- Completion and release of the Early Mine Production Study, including an initial Mineral Resource Statement.
- Lodgement of the Environmental Impact Study;
- Continuation of discussions for plant construction and operation by third parties.

4. La Chulula

- Geological plotting of the data collected during the combined 5,883m drilled on the two RC drilling campaigns conducted in La Chulula since June 2012.
- Assessment of the laboratory results of the samples sent to laboratory for iron, chemical and mineralogical testing.
- Design of a third phase of RC drilling campaign aimed at plumbing the depth of the resource and fill in the information gaps that may exist.
- Commencement of the third RC campaign.

5. Simpson

- Geological plotting of the data collected during the 3,253m maiden RC drilling campaign carried out in August and September 2012.
- Assessment of the laboratory results of the samples sent to laboratory for iron, chemical and mineralogical testing.

6. Cojin

- Design and completion of a maiden RC drilling campaign of approximately 2,000m. The purpose of the campaign is to confirm the IOCG (iron oxide copper gold) nature of the deposit and test the depth indicated by the high-resolution magnetic study performed in March 2012.
- Perform on site XRF testing on samples and dispatch a range of samples for laboratory assay.

7. Bulman

- Receipt of the results of the ground magnetic survey, soil and rock sampling and 1,000m of RC drilling.
- Assessment of the results and of the economic viability of the Bulman Project.
- Design of a strategy for the future of the project.

Corporate

8. Australis

Management and the Board will continue discussions with Australis/VIC in the hope of achieving a sensible commercial outcome for both parties.

In the absence of a satisfactory outcome, legal proceedings for the recovery of the monies owed and possible recovery of VIC's assets will be initiated.

9. Investor / Public Relations

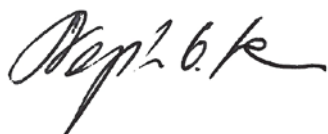
The Managing Director will be presenting at the 5th America's Iron Ore Conference, to be held in Belo Horizonte (Brazil) on 6-8 November.

An active communications campaign is designed to spread the Admiralty story among current shareholders, potential investors and brokers as the pending studies for the Mariposa and Soberana Projects are released.

10. Financing

A small scale investor roadshow is currently being planned for the Managing Director and members of the Board to meet with interested parties in China in December 2012.

Yours faithfully,



Stephen C. Prior
Managing Director
31 October 2012

Issued capital

727,822,759 shares (as of 30 September 2012)

727,822,759 shares (current)

Top 20 shareholders: 65.76% (as of 30 September 2012)

Top 20 shareholders: 65.56% (current)

Directors' holdings: 15.39% (as of 30 September 2012)

Directors' holdings: 15.39% (current)

Board

Chairman

Professor J. Ross Harper

Managing Director

Stephen C. Prior

Non-executive Directors

Michael Perry

Dr. Shaoqing Li

Hanjing Xu

Company Secretary

Patrick Rossi

Contact

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