

QUARTERLY ACTIVITIES REPORT

30 April 2020

For the quarter ended 31 March 2020

Admiralty Resources NL (ASX: ADY) is pleased to report its activities for the March 2020 quarter.

Exploration and Quarterly Activities

Soberana

Rocterra Limitada, a local Chilean mining Company has been undertaking infrastructure and construction activities in preparation of the forthcoming commercialisation of the mine. Formal lodgements have been made for the surface rights permits for the mine, with the rights granted by Hot Chili Limited. There is currently an outstanding permit for the land held by Campaña Minera del Pacífico (CMP). The Company has filed for a Court Ruling over the surface rights after considerable time invested in seeking to obtain an amicable agreement with CMP. The Company is confident that there will be a favourable ruling in short order.

ADY will continue to keep the market informed as to the next developments of the project and of receipt of any forthcoming royalty receipts from the project.

Mariposa

The financing arrangement with Ning Bo Qiaohui Leasing and Financial Co., Ltd (“Ningbo”) is ongoing, noting that the Chinese financial markets have been impacted significantly with the closures due to the COVID-19 pandemic. While the financing has been stalled due to COVID-19, there are no indicators that the financing will not be forthcoming.

The Company will continue to keep the market informed as progress is made during this process.

Australian Project

No activity to report during the quarter.

Corporate Activities

The Company has renegotiated material contracts with suppliers to reduce corporate costs. The financial savings are expected to be realised from the next financial quarter onward.

About Admiralty

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 El 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

The **Harper South district** ("Harper South") is the most advanced district in respect to exploration. To date, six targets have been confirmed as carriers of iron mineralisation: Mariposa, La Chulula, Soberana, Negrita, La Vaca and Mal Pelo.

- **Mariposa** has a JORC 2004 compliant resource of 174.5 Mt (*as per ASX announcement on 25/1/2013*). An engineering mine plan (or Prefeasibility Study) for an initial production of one million tonnes of finished product per annum has been commissioned to Redco Mining Engineers.
- **La Chulula**. The Mineral Resource Estimate quantifies the resources at La Chulula at 96 Mt at 24% Fe for a 15% Fe cut-off in the inferred category. The La Chulula resource estimate is based on the results obtained from the reverse circulation and diamond drilling campaign completed in 2012
- **Soberana** has a JORC 2004 compliant resource of 90.2 Mt (*as per ASX announcement on 15/1/2013*).

Pampa Tololo district - A high resolution ground magnetic survey carried out in 2011 identified three targets: Cochrane, O'Brien and Simpson. A reverse circulation drilling campaign of 3,311m took place at Simpson in July/August 2012. The results of this campaign are currently being evaluated by the Company.

El Cojin district - It is the least advanced of Admiralty's projects in Chile, with the first piece of exploration work being a high-resolution ground magnetic survey carried out in 2012. The survey identified 5 targets in total with 3 of them showing great depth and high susceptibility.

Schedule of tenements

<i>Tenement Reference</i>	<i>Registered Holder</i>	<i>Country</i>	<i>Project Group</i>
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

* All tenements are 100% held, unless otherwise stated

Issued capital

1,159,134,699 shares (as of 30 April 2020)

Board**Managing Director**

Mrs Qing Zhong

Executive Director

Mrs Jian Barclay

Non-executive Director

Mr Bin Li

Company Secretary

Mr Jarrod White

Contact

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30 April 2020

March 2020 Appendix 5B

Admiralty Resources NL (ASX: ADY) reports its quarterly cash flow statement for the quarter ended 31 March 2020.

There were no significant changes to the operating activities during the quarter.

This report should be read in conjunction with the quarterly activities report lodged this day.



Jarrod White
Company Secretary

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Admiralty Resources NL

ABN

74 010 195 972

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	29
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(26)	(69)
(e) administration and corporate costs	(154)	(486)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(180)	(525)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	(357)	(594)
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(357)	(594)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	385	1,185
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (bond received)	-	32
3.10	Net cash from / (used in) financing activities	385	1,217

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	364	115
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(180)	(525)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(357)	(594)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	385	1,217

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	(1)
4.6	Cash and cash equivalents at end of period	212	212

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	212	364
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	212	364

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	8,830	8,400
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	8,830	8,400

7.5 **Unused financing facilities available at quarter end** 430

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The financing facility represents the Convertible Loan Facility Agreement with Smart East Global Limited ("SEGL") and Admiralty Resources (Hong Kong) Limited ("Admiralty HK").

As of the date of this report, the current Convertible Loan Facility agreement with SEGL has a maximum principal drawdown value of \$US 3.6 million. The agreed maturity date was extended to 31 December 2021 on 18 July 2019 with all other terms remaining in effect.

The current terms of the facility are:

1. The interest rate is 12% per annum;
2. Interest is payable quarterly in arrears; and
3. The Conversion Price is 80% of the Volume Weighted Average price ("VWAP") calculated 90 days immediately prior to the Conversion Date*.

*The Conversion Date is the date of receipt of a valid Conversion Notice.

The Company has a loan agreement with Shanghai Long Sheng Technology Development Co. Limited. On 12 July 2019, additional principal was extended to the Company of \$1,500,000 taking the total principal available to \$3,000,000. All other terms remained the same.

The terms of the loan are:

1. Principal loan available is \$AU 3,000,000;
2. Loan agreement date is 21 June 2018;
3. The interest rate is 5% per annum;
4. Interest is accrued and applied to the principal; and
5. Repayment of loan in full due 01 October 2020.

This loan is separate to the above Convertible Loan Facility Agreement and both loan balances and facility limits have been jointly incorporated into the disclosures at Item 7 above.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(180)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(357)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(537)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	212
8.5	Unused finance facilities available at quarter end (Item 7.5)	430
8.6	Total available funding (Item 8.4 + Item 8.5)	642
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.2

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: No. The Company anticipates that the coming quarter's exploration costs in Chile will reduce to a more normalised run rate of \$200k. Operating outflows have been minimised through a cost reduction and review strategy undertaken by the Board across all suppliers and service providers of the Group.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: As previously announced the Company is currently in the final stages of negotiation of financing for the Mariposa Project which the Directors are confident in obtaining over the coming months. In addition the Company has a proven track record of raising debt funding for operational costs and expects to be able to continue to have funding extended from these sources.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes. When taking into consideration the cost reduction strategies and focus of exploration expenditures into critical areas, in combination with discussions around continued debt financing of these operations the Company expects to continue to operate on a 'business as usual' basis.

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2020

Authorised by: The Board
(Name of body or officer authorising release – see note 4)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.