

QUARTERLY ACTIVITIES REPORT

31 October 2019

For the quarter ended 30 September 2019

Admiralty Resources NL (ASX: ADY) is pleased to report its activities for the September 2019 quarter.

Exploration and Quarterly Activities

Soberana

Rocterra has commenced early stage infrastructure and mine construction activities.

ADY will continue to keep the market informed as to the next developments of the project and of receipt of any of the royalty receipts from the project. It is expected production will commence over the coming months.

Mariposa

On 5 August 2019 the Company announced it had signed a Project Financing Framework Agreement (“the Framework”) with Ning Bo Qiaohui Leasing and Financial Co., Ltd. Importantly this party is separate and in addition to discussions that continue with state owned China Nuclear Industry 22nd Construction Co. LTD (“CNI22”). The negotiations with CNI22 will be evaluated against the Ning Bo framework as it is further negotiated into final terms.

If furthered this framework would see the financing of the Mariposa through construction and to the production stage.

Key terms of the framework agreement are:

- Total financing of up to CNH 220 million (approximately AU \$46,000,000)
- Facility period of 18 months of construction plus 42 months of operations to allow repayment from operational profits
- A security deposit of CNH 44 million (approximately AU \$9,200,000) is required
- Mortgage of Equity Right and Income Right of wholly owned subsidiary Admiralty Minerals Chile Pty. Ltd. Chilean Agency until completion of the contact period whereby the rights will be transferred back to the Company

Your Board is actively working to progress key final due diligence on the financier and meeting prerequisite funding conditions of Ningbo. These include the establishment of a security deposit that meets the requirements of the facility provider and the negotiation of an EPC (Engineering, Procurement and Construction) contract with a suitable contractor to complete the mine construction.

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 extended the term of the Convertible Loan Facility Agreement with Smart East Global Limited by 2 years, to 31 December 2021. The remaining terms of the agreement remain unchanged.

In conjunction with the extension to the term of the Convertible Loan Facility, the Company increased its loan facility from Shanghai Long Sheng Technology Development Co. Limited from AU \$1,500,000 to AU \$3,000,000. The remaining terms of the agreement remain unchanged.

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 September 2019)

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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31 October 2019

September 2019 Appendix 5B

Admiralty Resources NL (ASX: ADY) reports its quarterly cash flow statement for the quarter ended 30 September 2019.

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 and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Admiralty Resources NL

ABN

74 010 195 972

Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	1	1
1.2	Payments for		
	(a) exploration & evaluation	(132)	(132)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(19)	(19)
	(e) administration and corporate costs	(211)	(211)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash (used in) operating activities	(361)	(361)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets (share applications monies)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) 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 (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	440	440
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (customer bond received)	32	32
3.10	Net cash from financing activities	472	472

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	115	115
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(361)	(361)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	472	472
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
4.6	Cash and cash equivalents at end of period	225	225

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	225	115
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)	225	115

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
-
-

No payments were made to Directors during the quarter.
All Directors fees remain suspended from 1 July 2016 in order to conserve cash reserves.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

N/A

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$AUD'000	Amounts drawn at quarter end \$AUD'000
8.1 Loan facilities	8,334	7,201
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include 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 8 above.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	40
9.2 Development	-
9.3 Production	-
9.4 Staff costs	20
9.5 Administration and corporate costs	80
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	140

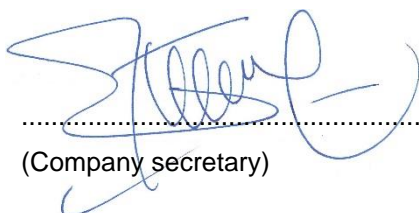
Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A	N/A	N/A	N/A
10.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A	N/A	N/A	N/A

Compliance statement

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

Sign here:



(Company secretary)

Date: 31 October 2019

Print name: Jarrod White

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.