

Admiralty Resources NL

ABN 74 010 195 972

Annual Report - 30 June 2022

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**Admiralty Resources NL
Corporate directory
30 June 2022**

Directors	Qing Zhong Jian Barclay Bin Li
Company secretary	Jarrold White
Registered office	C/- Traverse Accountants Suite 305, Level 3 35 Lime Street Sydney NSW 2000
Principal place of business	C/- Traverse Accountants Suite 305, Level 3 35 Lime Street Sydney NSW 2000
Share registry	Boardroom Limited Level 12, 225 George Street Sydney NSW 2000 Australia
Auditor	RSM Australia Partners Level 13, 60 Castlereagh Street Sydney NSW 2000
Lawyers - Australia	Addison Lawyers Level 12, 60 Carrington Street Sydney NSW 2000 Australia
Lawyers - Chile	Noguera, Larraín & Dulanto Abogados El Golf 40, Piso 11 Las Condes, Santiago Chile
Bankers - Australia	Westpac Banking Corporation 447 Bourke Street Melbourne VIC 3000 Australia National Australia Bank Level 13, Tower B, 799 Pacific Highway Chatswood NSW 2067 Australia
Bankers - Chile	Scotiabank Azul Av. Costanera Sur 2710, Piso 21, Torre A Las Condes, Santiago Chile
Stock exchange listing	Australian Securities Exchange (ASX) Code: ADY (shares)
Website	www.ady.com.au
Corporate Governance	https://ady.com.au/corporate-overview/

Admiralty Resources Group Structure

Admiralty Resources NL (ACN 010 195 972) has the following subsidiaries:

- Admiralty Minerals Chile Pty Ltd
- Admiralty Minerals Chile Pty Ltd Agencia en Chile (*Chilean branch of Admiralty Minerals Chile Pty Ltd, which owns mineral concessions in Chile*)
- Bulman Resources Pty Ltd (*100% ownership of the Bulman lead/zinc project in the Northern Territory, Australia*)
- Pyke Hill Resources Pty Ltd (*has a 50% ownership interest in the Pyke Hill Nickel/Cobalt resource in Western Australia subject to an exploitation agreement with Cougar Metals NL*)
- Admiralty Resources (Hong Kong) Limited
- ADY Investments Pty Ltd (*currently inactive*)
- Fortune Global Holdings Corporation (*currently inactive*)
- Servicios Admiralty Resources Chile Limitada

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Admiralty Resources NL

Contents

30 June 2022

Directors' report	4
Auditor's independence declaration	10
Statement of profit or loss and other comprehensive income	11
Statement of financial position	12
Statement of changes in equity	13
Statement of cash flows	14
Notes to the financial statements	15
Directors' declaration	39
Independent auditor's report to the members of Admiralty Resources NL	40
Shareholder information	44

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Admiralty Resources NL
Directors' report
30 June 2022

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Admiralty Resources NL (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

Directors

The following persons were directors of Admiralty Resources NL during the whole of the financial year and up to the date of this report, unless otherwise stated:

Bin Li - Non-Executive Chairperson and Non-Executive Director
Qing Zhong - Managing Director
Jian Barclay - Executive Director

Principal activities

The consolidated entity's principal activities during the course of the financial year were the exploration for and development of economic mineral deposits.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$3,501,076 (30 June 2021: \$737,317).

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

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

Chile

Harper South District

The Harper South district ("Harper South") lies 15 km south west of the city of Vallenar in the Atacama Region of Chile, covers an area of approximately 2,498 hectares, where exploration to date has identified six targets via high-resolution ground magnetic surveys: Mariposa, Soberana, La Chulula, Negrita, Mal Pelo and La Vaca.

Harper South is the most advanced district in respect of the Company's exploration portfolio, with the three most important projects in Admiralty's exploration pipeline being Mariposa, Soberana and La Chulula.

Mariposa

Mariposa is Admiralty's most developed target showing resources, as announced on 25 January 2013.

Refer to ASX announcement of 25 January 2013 for full details of the updated resource estimation

In addition to the increase in the total resources for Mariposa, this Resource Evaluation recorded a maiden Measured Resource of 43.4 Mt and it measured the magnetic iron content of the resource, which is a crucial aspect for the plant design and equipment selection for a dry magnetic separation process.

Soberana

Soberana currently ranks as Admiralty's second most developed target with a completed Scoping Study showing resources, as announced on 15 January 2013.

Dry magnetic separation process

Our magnetite iron ores in Chile requires beneficiation before shipping in order to reduce freight costs. Lack of immediately available water drives us towards using a dry magnetic separation process. Maximising the metallurgical recovery of our iron in this process is highly advantageous. Fortunately, the use of a dry magnetic separation process also delivers two other positive outcomes – low environmental impact and low capital costs.

Favourable Environmental Qualification – Soberana Project

On 13 August 2015, the Republic of Chile through the Environmental Evaluation Commission of the Atacama Region has made a favourable environmental qualification for Admiralty's Soberana project. The Commission has certified that the project complies with the requirements of environmental nature as contained in Environmental Permits 88, 91, 93, 94, 96, 99 and 106 as listed in the items of the Regulation of the System of Environmental Impact Evaluation. The Commission assessed the project on an assumed workforce of 245 people and annual production of 540,000 tonnes of iron concentrate grading 64% FeT.

La Chulula

La Chulula is a project located 15km south of the city of Vallenar, III Region, Chile. La Chulula was marked as a high-priority target for Admiralty following the results of the 3-D inversion and interpretation of the results of the high-resolution ground magnetic survey undertaken in 2011, which showed La Chulula as the ore body with highest susceptibility and depth within Harper South.

Maiden Mineral Resources Estimate Update

As announced to the market on 16 April 2015 Admiralty commissioned Golder Associates S.A. (Golder) to prepare a Resource Evaluation Statement for the La Chulula project. The resource estimate is based on the results obtained from the reverse circulation and diamond drilling campaign completed in 2012 and was prepared in accordance with the guidelines of Australasian Code for Reporting Joint Ore Reserves Committee (2012).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Bin Li
Title:	Non-Executive Chairperson and Director
Experience and expertise:	Mr Li is the Non-Executive Chairman of the company and has held this position for the entire financial year. Mr Li holds a Bachelor of Engineering and is a senior mining engineer with over 28 years' experience in metallurgy and a graduate of mining and metallurgy from the Jiang Xi Metallurgy University and has brought this relevant technical experience with him to the Board.
Other current directorships:	His past appointments include being Vice-Director of the Yang Shan iron mine and Mine Director at Shuang Qi Hill where he was in charge of the establishment of the metallurgical plant and gold mine in the Fu Jian Province.
Former directorships (last 3 years):	Chairmanship of Wan Qi Technology Limited and Xia Men Si Mai Da Investment Limited.
Special responsibilities:	None
Interests in shares:	25,000,000

Admiralty Resources NL
Directors' report
30 June 2022

Name: Qing Zhong
 Title: Managing Director
 Experience and expertise: Mrs Zhong is the Managing Director and Chief Executive Officer of the company and has held these positions for the entire financial year.

Mrs Zhong holds a Bachelor of Arts and is a Director of Sino Investment & Holdings Pty Ltd who is a cornerstone investor in Admiralty Resources NL. She is also a Director of a number of unlisted Australian companies that have significant investments in the property market and the mining industry.

Other current directorships: None
 Former directorships (last 3 years): None
 Special responsibilities: None
 Interests in shares: 217,611,465

Name: Jian Barclay
 Title: Executive Director
 Experience and expertise: Mrs Barclay is an Executive Director of the Company and has held this position for the entire financial year.

Mrs Barclay holds a Master's Degree in Business Management from Monash University and has been an integral part of the Admiralty team since July 2017 working closely with the Managing Director.

Other current directorships: None
 Former directorships (last 3 years): None
 Special responsibilities: None
 Interests in shares: 18,063,604

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Jarrod Travers White, B. Bus, CA, CTA

Mr White is the Company Secretary of the company and has held this position for the entire financial year.

Mr White is a Chartered Accountant and Director of Traverse Accountants Pty Ltd. Mr White has been associated with Admiralty Resources NL since January 2014 when he was engaged as the external consultant providing corporate, financial, and taxation services to the Company.

In conjunction with his Corporate Advisory roles, Mr White has been appointed Company Secretary and Chief Financial Officer of several other listed entities that operate on the Australian Securities Exchange and London Stock Exchange and has a strong knowledge of corporate governance and compliance.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Bin Li	2	2
Qing Zhong	2	2
Jian Barclay	2	2

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The Directors have agreed to limit the extent of their remuneration until the financial position of the company improves and the mining assets progress to the next stage of development. The remuneration is limited to some fixed rent payments on behalf of Qing Zhong and some superannuation payments for Jian Barclay.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Admiralty Resources NL:

- Bin Li
- Qing Zhong
- Jian Barclay

2022	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Rent	Super-annuation	Long service leave	Equity-settled	
	\$	\$	\$	\$	\$	\$	\$
<i>Executive Directors:</i>							
Qing Zhong	-	-	22,000	-	-	-	22,000
Jian Barclay	-	-	-	10,364	-	-	10,364
	-	-	22,000	10,364	-	-	32,364

2021	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
	\$	\$	\$	\$	\$	\$	\$
<i>Executive Directors:</i>							
Jian Barclay	-	-	-	10,000	-	-	10,000
	-	-	-	10,000	-	-	10,000

**Admiralty Resources NL
Directors' report
30 June 2022**

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2022.

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2022.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2022.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2022 are summarised below:

	2022	2021	2020	2019	2018
	\$	\$	\$	\$	\$
Other income	663,576	1,862,255	973,758	2,882,055	26,751
EBITDA	(1,415,040)	1,512,612	167,458	1,775,647	(2,659,579)
EBIT	(1,421,592)	1,493,754	157,403	1,760,811	(2,686,406)
Loss after income tax	(3,501,076)	(737,317)	(1,545,840)	(1,135,957)	(3,032,298)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2022	2021	2020	2019	2018
Share price at financial year end (\$)	0.01	0.02	0.01	0.01	0.01
Basic earnings per share (cents per share)	(0.27)	(0.06)	(0.13)	(0.10)	(0.26)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Bin Li	25,000,000	-	-	-	25,000,000
Qing Zhong	217,611,465	-	-	-	217,611,465
Jian Barclay	8,063,604	-	10,000,000	-	18,063,604
	250,675,069	-	10,000,000	-	260,675,069

This concludes the remuneration report, which has been audited.

Shares under option

There were no unissued ordinary shares of Admiralty Resources NL under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of Admiralty Resources NL issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of RSM Australia Partners

There are no officers of the company who are former partners of RSM Australia Partners.

Auditor's independence declaration


A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Qing Zhong
Managing Director

30 September 2022

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RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Admiralty Resources NL for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

G N Sherwood
Partner

Sydney, NSW
Dated: 30 September 2022



Admiralty Resources NL
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	Consolidated	
		2022 \$	2021 \$
Revenue			
Other income		113,343	66,607
Gain on revaluation of financial liabilities at fair value through profit or loss		550,233	1,795,648
Expenses			
Administration		(192,138)	(220,411)
Consultancy and professional expenses		(456,114)	(342,964)
Depreciation expense		(6,552)	(18,858)
Employee benefits expense		(12,187)	(68,362)
Impairment of assets		(883,295)	-
Exploration expenditure		(92,827)	-
Finance costs		(2,079,484)	(2,231,071)
Foreign exchange (loss)/gain		(390,135)	287,834
Occupancy costs		(22,000)	-
Travel expenses		(29,920)	(5,740)
Loss before income tax expense		(3,501,076)	(737,317)
Income tax expense	5	-	-
Loss after income tax expense for the year attributable to the owners of Admiralty Resources NL	15	(3,501,076)	(737,317)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Admiralty Resources NL		<u>(3,501,076)</u>	<u>(737,317)</u>
		Cents	Cents
Basic losses per share	29	(0.27)	(0.06)
Diluted losses per share	29	(0.27)	(0.06)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Admiralty Resources NL
Statement of financial position
As at 30 June 2022

		Consolidated	
	Note	2022	2021
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	6	574,955	107,946
Trade and other receivables	7	77,030	733,203
Total current assets		<u>651,985</u>	<u>841,149</u>
Non-current assets			
Property, plant and equipment	8	178,893	185,445
Exploration and evaluation expenditure	9	22,918,653	22,276,237
Total non-current assets		<u>23,097,546</u>	<u>22,461,682</u>
Total assets		<u>23,749,531</u>	<u>23,302,831</u>
Liabilities			
Current liabilities			
Trade and other payables	10	697,621	976,032
Borrowings	11	13,277,577	11,519,390
Employee benefits	12	1,548	1,548
Total current liabilities		<u>13,976,746</u>	<u>12,496,970</u>
Total liabilities		<u>13,976,746</u>	<u>12,496,970</u>
Net assets		<u>9,772,785</u>	<u>10,805,861</u>
Equity			
Issued capital	13	148,182,094	145,714,094
Reserves	14	(744,934)	(744,934)
Accumulated losses	15	(137,664,375)	(134,163,299)
Total equity		<u>9,772,785</u>	<u>10,805,861</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Admiralty Resources NL
Statement of changes in equity
For the year ended 30 June 2022

Consolidated	Issued capital \$	Foreign currency reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	145,714,094	(744,934)	(133,425,982)	11,543,178
Loss after income tax expense for the year	-	-	(737,317)	(737,317)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(737,317)	(737,317)
Balance at 30 June 2021	<u>145,714,094</u>	<u>(744,934)</u>	<u>(134,163,299)</u>	<u>10,805,861</u>
Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2021	145,714,094	(744,934)	(134,163,299)	10,805,861
Loss after income tax expense for the year	-	-	(3,501,076)	(3,501,076)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(3,501,076)	(3,501,076)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 13)	2,468,000	-	-	2,468,000
Balance at 30 June 2022	<u>148,182,094</u>	<u>(744,934)</u>	<u>(137,664,375)</u>	<u>9,772,785</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Admiralty Resources NL
Statement of cash flows
For the year ended 30 June 2022

	Note	Consolidated	
		2022 \$	2021 \$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(994,237)	(580,005)
Exploration and evaluation - expensed		(92,827)	-
Net cash used in operating activities	27	(1,087,064)	(580,005)
Cash flows from investing activities			
Payments for exploration expenditure on mining interests	9	(642,416)	(124,246)
Net cash used in investing activities		(642,416)	(124,246)
Cash flows from financing activities			
Proceeds from issue of shares		2,489,000	111,000
Proceeds from borrowings		-	598,300
Share issue transaction costs		(132,000)	-
Repayment of borrowings	28	(160,511)	-
Net cash from financing activities		2,196,489	709,300
Net increase in cash and cash equivalents		467,009	5,049
Cash and cash equivalents at the beginning of the financial year		107,946	102,897
Cash and cash equivalents at the end of the financial year	6	574,955	107,946

The above statement of cash flows should be read in conjunction with the accompanying notes

Admiralty Resources NL
Notes to the financial statements
30 June 2022

Note 1. General information

The financial statements cover Admiralty Resources NL as a consolidated entity consisting of Admiralty Resources NL and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Admiralty Resources NL's functional and presentation currency.

Admiralty Resources NL is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

C/- Traverse Accountants
Suite 305, Level 3
35 Lime Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a loss after tax of \$3,501,076 and had net cash outflows from operating and investing activities of \$1,087,064 and \$642,416 respectively for the year ended 30 June 2022. As at that date the Group had net current liabilities of \$13,324,761. The ability to continue as a going concern and realise its exploration assets is dependent on a number of factors, the most significant of which is to identify and secure sufficient funding to develop the mine infrastructure and commence mining operations, or alternatively to potentially sell its assets. These factors indicate significant uncertainty as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Note 2. Significant accounting policies (continued)

The Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after consideration of the following factors:

- As stated in Note 26, subsequent to year end a deed of consolidation and amendment was entered into consolidating all historical SLST debt in Note 11 of \$4,215,746 and providing a new facility of up to AU \$4,500,000, at a rate of 5% per annum, with repayment of the loan and accrued interest being required by 31 December 2023.
 - As stated in Note 26, subsequent to year end it was confirmed that the director loans of \$2,033,682 disclosed in note 11 will not be called for repayment unless the Company is in a position to repay the loans for at least 12 months from the date the financial statements have been signed.
 - As stated in Note 26, subsequent to year end a deed conformation and amendment was entered into consolidating all historical debt in relation to the convertible notes in Note 11 of \$7,028,149 and providing a new term of 31 December 2023.
 - The Directors are of the opinion that existing shareholders and financiers will continue to fund the company in the short term, and if required additional share capital or debt funding can be sourced to develop the projects further.
- As stated in Note 26, subsequent to year end the The Company has secured additional financing of \$1,500,000 for a related party to assist in funding its operations for the foreseeable future.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 24.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Admiralty Resources NL ('company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Admiralty Resources NL and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Note 2. Significant accounting policies (continued)

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Admiralty Resources NL's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The consolidated entity recognises revenue as follows:

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 2. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Note 2. Significant accounting policies (continued)

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Freehold land is stated at revalued amounts. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Depreciation is calculated on a diminishing value basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Class of property, plant and equipment	Depreciation Rate
Buildings	2%
Plant and equipment	5%-25%
Office furniture and equipment	8%-33%
Motor vehicles	15%-25%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Exploration and evaluation expenditure

Chilean Tenements

Note 2. Significant accounting policies (continued)

The exploration in Chile is on highly prospective tenements, which include an existing resources statement and as such all exploration and evaluation expenditures incurred are capitalised in respect of each identifiable area of interest, as mining interests. The Directors are satisfied that the expenditure on these tenements meets the requirements of AASB 6 "Exploration for and Evaluation of Mineral Resources" in that the rights to tenure of the area of interest are current and at least one of the following conditions is met for each area of interest:

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- exploration and evaluation activities in the area of interest have not at the end of the reporting period reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Mining interests

Mining interests are shown at historical cost, plus exploration costs to date, less impairment, if any. Ultimate recoupment of these costs is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas. Accumulated costs in relation to an abandoned area, or one considered to be of no commercial interest, are written off in full against profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area accordingly to the rate of depletion of economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 2. Significant accounting policies (continued)

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Admiralty Resources NL, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Note 2. Significant accounting policies (continued)

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Financial instruments issued by the company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Compound instruments

The component parts of compound instruments are classified separately as liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible debt. The equity component initially brought to account is determined by deducting the amount of the liability component from the amount of the compound instrument as a whole.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2022. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Management has exercised their judgement in determining not to raise any deferred tax assets in relation estimated tax losses as it currently seems improbable that there will sufficient future table profits to utilise the tax losses.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made. Management has exercised their judgement in determining that none of its mining assets are impaired.

Convertible Note

Included in note 11 are convertible notes liabilities that initially included a conversion option. The fair value of the conversion option was determined at inception and the residual value was ascribed to debt. There is significant estimation uncertainty with regards to the estimation of the fair value of the conversion option and the debt.

The terms of the convertible note include:

- (a) Proceeds provided by the Lender are denominated in USD. The right to convert the debt into ADY NL ordinary shares, which are denominated in AUD;
- (b) Right to convert into ADY NL ordinary shares equivalent to 80% of the Volume Weighted Average Price per share.

Note 4. Operating segments

Identification of reportable operating segments

The predominant activity of the Group is the exploration for mineral resources. Geographically, the Group operates in three geographical locations – Australia, Chile and Hong Kong. The head office and management activities of the Group take place predominately in Australia. Exploration, appraisal, development and production activities for mineral resources takes place in Chile and the borrowing facility is held in Hong Kong (note 11).

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision-makers with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group. Segment revenue and expense are those directly attributable to the segments. Segment assets and liabilities include all those generated by the segments.

Intersegmental transactions

There are no inter-segment sales.

Admiralty Resources NL
Notes to the financial statements
30 June 2022

Note 4. Operating segments (continued)

Operating segment information

	Australia \$	HK \$	Chile \$	Total \$
Consolidated - 2022				
Revenue				
Revenue from continuing operations	-	550,233	113,343	663,576
Total revenue	-	550,233	113,343	663,576
Total segment result	(461,759)	(1,918,699)	(1,120,618)	(3,501,076)
Loss before income tax expense	(461,759)	(1,918,699)	(1,120,618)	(3,501,076)
Income tax expense				-
Loss after income tax expense				(3,501,076)
Assets				
Segment assets	1,876,886	10,725	21,861,920	23,749,531
Total assets				23,749,531
Liabilities				
Segment liabilities	572,431	11,244,493	2,159,822	13,976,746
Total liabilities				13,976,746
Consolidated - 2021				
Revenue				
Revenue from continuing operations	-	1,795,648	66,607	1,862,255
Total revenue	-	1,795,648	66,607	1,862,255
Total segment result	(363,451)	(146,806)	(227,060)	(737,317)
Loss before income tax expense	(363,451)	(146,806)	(227,060)	(737,317)
Income tax expense				-
Loss after income tax expense				(737,317)
Assets				
Segment assets	1,533,700	10,725	21,758,406	23,302,831
Total assets				23,302,831
Liabilities				
Segment liabilities	10,176,702	598	2,319,670	12,496,970
Total liabilities				12,496,970

Note 5. Income tax expense

	Consolidated	
	2022	2021
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(3,501,076)	(737,317)
Tax at the statutory tax rate of 25% (2021: 26%)	(875,269)	(191,702)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:	382,313	113,210
Tax losses not brought to account as deferred tax asset	492,956	78,492
Income tax expense	-	-

	Consolidated	
	2022	2021
	\$	\$
The estimated deferred tax assets not brought to account:		
Revenue	17,160,506	16,888,374
Capital	2,978,019	2,978,019
	<u>20,138,525</u>	<u>19,866,393</u>

Note 6. Cash and cash equivalents

	Consolidated	
	2022	2021
	\$	\$
<i>Current assets</i>		
Cash at bank and on hand	574,955	107,946

Note 7. Trade and other receivables

	Consolidated	
	2022	2021
	\$	\$
<i>Current assets</i>		
Security Deposits	342,935	171,793
Less: Accumulated impairment on deposits	(302,866)	-
GST and VAT receivable	617,390	561,410
Less: Accumulated impairment on VAT	(580,429)	-
Total current trade and other receivables	<u>77,030</u>	<u>733,203</u>

Admiralty Resources NL
Notes to the financial statements
30 June 2022

Note 8. Property, plant and equipment

	Consolidated	
	2022	2021
	\$	\$
<i>Non-current assets</i>		
Land and buildings - at cost	212,875	212,875
Less: Accumulated depreciation	(33,982)	(33,982)
	<u>178,893</u>	<u>178,893</u>
Plant and equipment - at cost	57,168	57,168
Less: Accumulated depreciation	(57,168)	(57,168)
	<u>-</u>	<u>-</u>
Motor vehicles - at cost	83,245	83,245
Less: Accumulated depreciation	(83,245)	(76,693)
	<u>-</u>	<u>6,552</u>
Office furniture and equipment - at cost	5,210	5,210
Less: Accumulated depreciation	(5,210)	(5,210)
	<u>-</u>	<u>-</u>
	<u>178,893</u>	<u>185,445</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings \$	Plant and equipment \$	Motor vehicles \$	Office furniture \$	Total \$
Balance at 1 July 2020	144,465	50,600	8,736	502	204,303
Reclassify assets	34,428	(39,638)	-	5,210	-
Depreciation expense	-	(10,962)	(2,184)	(5,712)	(18,858)
	<u>178,893</u>	<u>-</u>	<u>6,552</u>	<u>-</u>	<u>185,445</u>
Balance at 30 June 2021	178,893	-	6,552	-	185,445
Depreciation expense	-	-	(6,552)	-	(6,552)
	<u>178,893</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>178,893</u>

Note 9. Exploration and evaluation expenditure

	Consolidated	
	2022	2021
	\$	\$
<i>Non-current assets</i>		
Exploration and evaluation - at cost	23,500,166	22,857,750
Less: Impairment	(581,513)	(581,513)
	<u>22,918,653</u>	<u>22,276,237</u>

Note 9. Exploration and evaluation expenditure (continued)

	Consolidated	
	2022	2021
	\$	\$
Balance at the beginning of the year	22,276,237	22,151,990
Additions	642,416	124,247
Balance at the end of the year	<u>22,918,653</u>	<u>22,276,237</u>
	<u>22,918,653</u>	<u>22,276,237</u>

Note 10. Trade and other payables

	Consolidated	
	2022	2021
	\$	\$
<i>Current liabilities</i>		
Trade payables	295,888	311,952
Accrued expenses	266,956	418,303
Share application	-	111,000
Other payables	<u>134,777</u>	<u>134,777</u>
	<u>697,621</u>	<u>976,032</u>

Refer to note 17 for further information on financial risk management.

Note 11. Borrowings

	Consolidated	
	2022	2021
	\$	\$
<i>Current liabilities</i>		
Convertible Note - Cash Coupon Payable(i)	1,802,427	1,242,863
Convertible Note - Debt Host Liability(i)	5,225,722	3,677,091
Convertible Note - Derivative Liability(i)	-	550,233
Loans from related parties(iii)	<u>6,249,428</u>	<u>6,049,203</u>
	<u>13,277,577</u>	<u>11,519,390</u>

(i) During FY22, the convertible notes have been drawn down to a value of US\$3,600,000. The notes bear interest of 12% and are convertible into equity using the 90 day volume weighted average price (VWAP). An amendment was made to the facility extending the maturity date to 31 December 2023.

(ii) This includes a loan at call of \$2,033,682. It is unsecured and non-interest bearing.

(iii) This includes a loan facility agreement with Shanghai Long Sheng Technology Development Co. Limited. Subsequent to year end a deed consolidation and amendment was entered into consolidating all historical debt and providing a new facility of up to AU \$4,500,000, at a rate of 5% per annum, with repayment of the loan and accrued interest by 31 December 2023. The loan was payable on demand as at 30 June 2022 and consequently has been classified as a current liability as at the financial year end.

Refer to note 17 for further information on financial risk management.

Note 12. Employee benefits

	Consolidated	
	2022	2021
	\$	\$
<i>Current liabilities</i>		
Annual leave	1,548	1,548

Note 13. Issued capital

	Consolidated			
	2022	2021	2022	2021
	Shares	Shares	\$	\$
Ordinary shares - fully paid	1,303,579,153	1,159,134,699	149,491,360	146,891,360
Cost of capital	-	-	(1,309,266)	(1,177,266)
	<u>1,303,579,153</u>	<u>1,159,134,699</u>	<u>148,182,094</u>	<u>145,714,094</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2020	<u>1,159,134,699</u>		<u>145,714,094</u>
Balance	30 June 2021	1,159,134,699		145,714,094
Issue of shares	2 July 2021	97,222,230	\$0.02	1,750,000
Issue of shares	16 July 2021	47,222,224	\$0.02	850,000
Share issue transaction costs		-	\$0.00	(132,000)
Balance	30 June 2022	<u>1,303,579,153</u>		<u>148,182,094</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 13. Issued capital (continued)

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 2015 Annual Report.

Note 14. Reserves

	Consolidated	
	2022	2021
	\$	\$
Foreign currency reserve	(744,934)	(744,934)

Foreign currency translation reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Note 15. Accumulated losses

	Consolidated	
	2022	2021
	\$	\$
Accumulated losses at the beginning of the financial year	(134,163,299)	(133,425,982)
Loss after income tax expense for the year	(3,501,076)	(737,317)
Accumulated losses at the end of the financial year	<u>(137,664,375)</u>	<u>(134,163,299)</u>

Note 16. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 17. Financial risk management

Financial risk management objectives

The consolidated entity's principal financial instruments comprise cash and both short term borrowings. The main purpose of the financial instruments is to support the consolidated entity's operations.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

Note 17. Financial risk management (continued)

Market risk

Foreign currency risk

Other than the impaired deferred receivable, the consolidated entity is exposed to foreign currency risk as a direct result of their foreign operations in Chile and Hong Kong. Further, the consolidated entity is exposed to foreign currency risk on borrowings and loans receivable that are denominated in currencies other than Australian Dollars.

The bulk of the consolidated entity's income and expenditure and capital commitments are denominated in United States Dollars (USD). The Board of Directors has taken the view that because of the offsetting nature of the consolidated entity's receivables and payables that an unhedged position in relation to foreign currency exposure is the most appropriate policy. The consolidated entity maintains bank accounts in three currencies being Australian Dollars (AUD), United States Dollars (USD), Hong Kong Dollar (HKD) and Chilean Pesos (CLP) to manage receipts and payments in those currencies and to reduce and minimise currency conversion costs.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value interest rate risk.

	Weighted average effective rate %	Fixed interest rate \$	Floating interest rate \$	Non-interest bearing \$	Total \$
2022					
<i>Financial assets</i>					
Cash	-	-	574,955	-	574,955
Trade and other receivables	-	-	-	960,325	960,325
Total financial assets		-	574,955	960,325	1,535,280
<i>Financial liabilities</i>					
Trade and other payables	-	-	-	699,169	699,169
Convertible notes	12.00%	7,028,149	-	-	7,028,149
Loans from related parties	-	4,215,746	-	2,033,682	6,249,428
Total financial liabilities		11,243,895	-	2,732,851	13,976,746
	Weighted average effective interest rate %	Fixed interest rate \$	Floating interest rate \$	Non-interest bearing \$	Total \$
2021					
<i>Financial assets</i>					
Cash	-	-	107,946	-	107,946
Trade and other receivables	-	-	-	733,203	733,203
Total financial assets		-	107,946	733,203	841,149
<i>Financial liabilities</i>					
Trade and other payables	-	-	-	977,581	977,581
Convertible notes	12.00%	5,470,187	-	-	5,470,187
Loan from related parties	-	4,015,520	-	2,033,682	6,049,202
Total financial liabilities		9,485,707	-	3,011,263	12,496,970

Note 17. Financial risk management (continued)

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the reporting date to recognised financial assets is the carrying amount, net of any allowance for doubtful debts of those assets, as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

Other than the impaired assets, the consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages this risk through the following mechanisms:

- by maintaining centralised cash balances;
- by matching capital commitments to draw down of funding facilities and equity raisings;
- preparing forward looking cash flow analysis in relation to its operational, investing financing activities; and
- managing credit risk related to financial assets.

Cash flows realised from financial assets reflect management's expectations as to the timing of realisation. Actual timing may therefore differ from that disclosed. The table below summarises the expected financial liability and financial asset maturities.

	Within 1 year \$	1 to 5 years \$	Over 5 years \$	Total \$
2022				
<i>Financial assets</i>				
Cash	574,955	-	-	574,955
Trade and other receivables	960,325	-	-	960,325
Total financial assets	1,535,280	-	-	1,535,280
<i>Financial liabilities</i>				
Trade and other payables	699,169	-	-	699,169
Convertible notes	1,802,427	5,225,722	-	7,028,149
Loans from related parties	-	4,215,745	2,033,682	6,249,427
Total financial liabilities	2,501,596	9,441,467	2,033,682	13,976,745
	Within 1 year \$	1 to 5 years \$	Over 5 years \$	Total \$
2021				
<i>Financial assets</i>				
Cash	107,946	-	-	107,946
Trade and other receivables	733,203	-	-	733,203
Total financial assets	841,149	-	-	841,149
<i>Financial liabilities</i>				
Trade and other payables	977,581	-	-	977,581
Convertible notes	5,470,187	-	-	5,470,187
Loans from related parties	4,015,520	-	2,033,682	6,049,202
Total financial liabilities	10,463,288	-	2,033,682	12,496,970

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Sensitivity

Interest rate risk

Note 17. Financial risk management (continued)

The consolidated entity has considered the sensitivity relating to its exposure to interest rate risk at the reporting date. This analysis considers the effect on current year loss which could result in a change in this risk. The management processes employed to control these factors involve entering into fixed interest rate borrowings.

Foreign currency risk

The consolidated entity has considered the sensitivity relating to its exposure to foreign currency risk at the reporting date. The sensitivity analysis considers the effect on current year loss and equity due to a change in the AUD/USD, AUD/CLP and AUD/HKD rates.

The table below summarises the impact of +/- 5% strengthening / weakening of the AUD against the USD, HKD and CLP. The analysis is based on the +/- 5% movement of each foreign currency (CLP, HKD and USD) against AUD with all other factors remaining equal. A sensitivity of 5% has been used as the Board assesses this to be a probable range for foreign exchange fluctuation.

		Post tax loss		Equity	
		2022	2021	2022	2021
		\$	\$	\$	\$
AUD/USD	+5%	263,546	226	427	226
	-5%	(263,546)	(226)	(427)	(226)
AUD/CLP	+5%	-	-	-	-
	-5%	-	-	-	-
AUD/HKD	+5%	-	-	-	-
	-5%	-	-	-	-

Note 18. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 2022	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<i>Liabilities</i>				
Convertible note - embedded derivative component	-	-	-	-
Total liabilities	-	-	-	-
Consolidated - 2021	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<i>Liabilities</i>				
Convertible note - embedded derivative component	-	-	550,233	550,233
Total liabilities	-	-	550,233	550,233

Valuation techniques

In the absence of an active market for an identical liability, the Group selects and uses one or more valuation technique to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured.

Note 18. Fair value measurement (continued)

The assessed fair values of the embedded derivative are determined using a Black-Scholes option pricing model and a revalued at conversion and/or reporting date.

Key inputs

- Underlying share price: \$0.01700
- Risk free rate: 0.06%
- Volatility: 58.42%
- Expected term: 0.5 year
- Vesting period: None

Note 19. Key management personnel compensation

Directors

The following persons were directors of Admiralty Resources NL during the financial year:

Bin Li	Executive Chairperson
Qing Zhong	Managing Director
Jian Barclay	Executive Director

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2022	2021
	\$	\$
Post-employment benefits	10,364	10,000
Short-term benefits	22,000	-
	32,364	10,000

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company:

	Consolidated	
	2022	2021
	\$	\$
<i>Audit services - RSM Australia Partners</i>		
Audit of the financial statements	42,000	46,500
	42,000	46,500

Note 21. Contingent assets and liabilities

There are no contingent assets or liabilities present for the Group at balance date.

Note 22. Commitments

	Consolidated	
	2022	2021
	\$	\$
Exploration expenditure commitments, payable:		
Within one year	-	66,507
One to five years	-	266,028
	-	332,535
	-	332,535

Note 23. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 19 and the remuneration report included in the directors' report.

The consolidated entity's main related parties are as follows:

- Sun Investments Holdings – related party of Qing Zhong
- Jun Xin International Pty Ltd – related party of Qing Zhong and Hanrui Zhong
- Shanghai Long Sheng Technology Development Co. Limited

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2022	2021
	\$	\$
Payment for goods and services:		
Payment for rent	22,000	-

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2022	2021
	\$	\$
Non-current borrowings:		
Jin Xin International Pty Ltd	50,270	50,270
Shanghai Ying Xun Technology Pty Ltd	1,983,412	1,983,412
Shanghai Long Sheng Technology Development Co. Limited	4,215,746	4,015,520
Loan from director and associated entity	2,033,682	2,033,682

Refer to note 11 for the terms and conditions of the borrowings.

The following balances are outstanding at the reported date in relation to transactions with related parties:

Note 23. Related party transactions (continued)

	Consolidated	
	2022	2021
	\$	\$
Jin Xin International Pty Ltd	50,270	50,270
Sun Investments Holdings	86,435	86,435
	<u>136,705</u>	<u>136,705</u>

Note 24. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2022	2021
	\$	\$
Loss after income tax	<u>(538,653)</u>	<u>(356,177)</u>
Total comprehensive income	<u>(538,653)</u>	<u>(356,177)</u>

Statement of financial position

	Parent	
	2022	2021
	\$	\$
Total current assets	<u>461,067</u>	<u>117,882</u>
Total non-current assets	<u>10,916,759</u>	<u>9,449,163</u>
Total assets	<u>11,377,826</u>	<u>9,567,045</u>
Total current liabilities	<u>343,085</u>	<u>461,651</u>
Total non-current liabilities	<u>1,786,510</u>	<u>1,786,510</u>
Total liabilities	<u>2,129,595</u>	<u>2,248,161</u>
Net assets	<u>9,248,231</u>	<u>7,318,884</u>
Equity		
Issued capital	148,182,094	145,714,094
Accumulated losses	<u>(138,933,863)</u>	<u>(138,395,210)</u>
Total equity	<u>9,248,231</u>	<u>7,318,884</u>

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries in the current or previous financial years

Contingent assets and liabilities

The parent entity had no contingent assets or liabilities as at 30 June 2022 and 30 June 2021.

Capital commitments - Property, plant and equipment

Contractual commitments

Note 24. Parent entity information (continued)

The parent entity has no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 25. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2022 %	2021 %
Bulman Resources Pty Limited	Australia	100.00%	100.00%
Pyke Hill Resources Pty Limited	Australia	100.00%	100.00%
ADY Investments Pty Limited ⁽ⁱ⁾	Australia	100.00%	100.00%
Admiralty Minerals Chile Pty Limited	Australia	100.00%	100.00%
Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile (Branch)	100.00%	100.00%
Admiralty Resources (HongKong) Limited ⁽ⁱⁱ⁾	Hong Kong	100.00%	100.00%
Fortune Global Holdings Corporation ⁽ⁱⁱ⁾	British Virgin Islands	100.00%	100.00%
Servicios Admiralty Resources Chile Ltd ⁽ⁱ⁾	Chile (Branch)	100.00%	100.00%

(i) This operation is a branch of Admiralty Minerals Chile Pty Limited

(ii) Currently dormant

Note 26. Events after the reporting period

Subsequent to year end a deed consolidation and amendment was entered into consolidating all historical SLST debt in Note 11 of \$4,215,746 and providing a new facility of up to AU \$4,500,000, at a rate of 5% per annum, with repayment of the loan and accrued interest being required by 31 December 2023.

Subsequent to year end it was confirmed that the director loans of \$2,033,682 disclosed in note 11 will not be called for repayment unless the Company is in a position to repay the loans for at least 12 months from the date the financial statements have been signed.

Subsequent to year end a deed conformation and amendment was entered into consolidating all historical debt in relation to the convertible notes in Note 11 of \$7,028,149 and providing a new term of 31 December 2023.

Subsequent to year end the The Company has secured additional financing of \$1,500,000 for a related party.

Other than the above, no matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 27. Cash flow information

Reconciliation of loss after income tax to net cash used in operating activities

Note 27. Cash flow information (continued)

	Consolidated	
	2022	2021
	\$	\$
Loss after income tax expense for the year	(3,501,076)	(737,317)
Adjustments for:		
Depreciation	6,552	18,858
Impairment of assets	883,295	-
Foreign exchange differences	390,135	(287,834)
Gain on fair value of derivative liability	(550,233)	(1,795,648)
Interest expense	2,079,484	2,231,071
Change in operating assets and liabilities:		
Increase in trade and other receivables	(227,122)	(150,106)
Increase/(decrease) in trade and other payables	(168,099)	140,971
Net cash used in operating activities	<u>(1,087,064)</u>	<u>(580,005)</u>

Note 28. Changes in liabilities arising from financing activities

Consolidated	Convertible notes	Loans from related parties	Total
	\$	\$	\$
Balance at 1 July 2020	5,500,477	5,273,022	10,773,499
Net cash from financing activities	-	598,300	598,300
Interest accrued	2,053,976	177,095	2,231,071
Revaluation of derivative liability	(1,795,648)	-	(1,795,648)
Foreign exchange adjustment	(288,618)	785	(287,833)
Balance at 30 June 2021	5,470,187	6,049,202	11,519,389
Net cash used in financing activities	(160,511)	-	(160,511)
Interest accrued	1,879,258	200,226	2,079,484
Revaluation of derivative liability	(550,233)	-	(550,233)
Foreign exchange adjustment	389,448	-	389,448
Balance at 30 June 2022	<u>7,028,149</u>	<u>6,249,428</u>	<u>13,277,577</u>

Admiralty Resources NL
Notes to the financial statements
30 June 2022

Note 29. Losses per share

	Consolidated	
	2022	2021
	\$	\$
Loss after income tax attributable to the owners of Admiralty Resources NL	<u>(3,501,076)</u>	<u>(737,317)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>1,301,372,151</u>	<u>1,159,134,699</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>1,301,372,151</u>	<u>1,159,134,699</u>
	Cents	Cents
Basic losses per share	(0.27)	(0.06)
Diluted losses per share	(0.27)	(0.06)

Admiralty Resources NL
Directors' declaration
30 June 2022

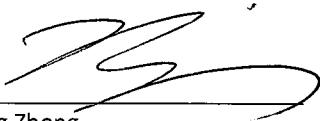
In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Qing Zhong
Managing Director

30 September 2022

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT
To the Members of Admiralty Resources NL

Qualified Opinion

We have audited the financial report of Admiralty Resource NL (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Qualified Opinion

Included in Note 9 of the financial report is Exploration and Evaluation Expenditure with a carrying value of \$22,918,653 as at 30 June 2022. The ability to realise these assets is dependent on the Group's ability to identify and secure sufficient funding to develop the mine infrastructure and commence mining operations, or alternatively to potentially sell its assets. We have been unable to obtain sufficient appropriate audit evidence in relation to the ability to procure such funding or sell its assets. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a loss after tax of \$3,501,076 and had net cash outflows from operating activities of \$1,087,064 for the year ended 30 June 2022. As at that date the Group had net current liabilities of \$13,324,761. The ability to continue as a going concern and realise its exploration assets is dependent on a number of factors, the most significant of which is to identify and secure sufficient funding to develop the mine infrastructure and commence mining operations, or alternatively to potentially sell its assets. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. Our opinion is not modified further in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion and Materiality Uncertainty Related to Going Concern sections, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
Carrying Value of Capitalised Exploration Expenditure Refer to Note 13 in the financial statements	
<p>The Group has capitalised exploration expenditure with a carrying value of \$22.92m. We have determined this to be an area of significant risk due to the significant management judgement involved in assessing the carrying value in accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, including:</p> <ul style="list-style-type: none"> • Determination of whether expenditure can be associated with finding specific mineral resources, and the basis on which that expenditure is allocated to an area of interest. • Assessing whether any indicators of impairment are present. • Determination of whether exploration activities have progressed to the stage at which the existence of an economically recoverable mineral reserve may be determined. 	<p>Our audit procedures in relation to the carrying value of capitalised exploration costs included:</p> <ul style="list-style-type: none"> • Ensuring that the right to tenure of the areas of interest was current through confirmation with the relevant government departments. • Critically assessing and evaluating management's impairment assessment of exploration assets. • Through discussions with the Group's management team, and review of the Group's ASX announcements and other relevant documentation, assessing management's determination that exploration activities have not yet progressed to the point where the existence or otherwise of an economically recoverable mineral resource may be determined.
Accounting for Convertible Notes Refer to Note 11 in the financial statements	
<p>The Group has convertible note with a maximum drawdown facility of USD \$3,600,000. A amendment was made to the facility subsequent to year end extending the maturity date to 31 December 2023</p>	<p>Our audit procedures in relation to the accounting for convertible note included:</p> <ul style="list-style-type: none"> • Reviewing the convertible note deed of amendment to understand the revision and the related accounting considerations.

<p>The convertible note has been classified within Note 11 as a debt host liability of \$5,225,722 and a cash coupon payable of \$1,802,427.</p> <p>The accounting for convertible note was considered to be an area of significant risk due to the following:</p> <ul style="list-style-type: none"> • It is a significant liability of the Group; and • The accounting is technically complex and requires judgement in valuing the derivative financial liability. 	<ul style="list-style-type: none"> • Evaluating the accounting treatment to determine whether the accounting for the convertible note issued was in compliance with Australian Accounting Standards. • Reviewing the valuation of the derivative financial liability at both inception and its subsequent measurement as at balance date, including the reasonableness of key inputs to the valuation model. • Assessing the appropriateness of the disclosures in respect of the borrowings and the derivative financial liability.
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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 8 of the directors' report for the year ended 30 June 2022.

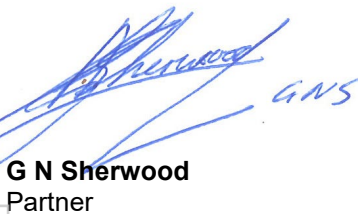
In our opinion, the Remuneration Report of Admiralty Resource NL, for the year ended 30 June 2022, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA PARTNERS

A blue ink signature of G N Sherwood, with the initials "GNS" written to the right of the signature.

G N Sherwood
Partner

Sydney, NSW
Dated: 30 September 2022

Admiralty Resources NL
Shareholder information
30 June 2022

The shareholder information set out below was applicable as at 27 September 2022.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares		% of total shares issued
	Number of shares	Number of holders	
1 to 1,000	753,460	1,397	0.06
1,001 to 5,000	5,309,830	1,979	0.41
5,001 to 10,000	6,383,396	838	0.49
10,001 to 100,000	54,633,722	1,557	4.19
100,001 and over	1,236,498,745	424	94.85
	<u>1,303,579,153</u>	<u>6,195</u>	<u>100.00</u>
Holding less than a marketable parcel	5,493	-	-

Under the ASX Listing Rules, any shareholding values at less than \$500 is considered to be an unmarketable parcel.

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
CITICORP NOMINEES PTY LIMITED	236,691,118	18.16
BNP PARIBAS NOMINEES PTY LTD (IB AU NOMS RETAILCLIENT DRP)	177,753,226	13.64
SMART EAST GLOBAL LIMITED	129,675,646	9.95
SINO INVESTMENT AND HOLDING PTY LTD	72,000,000	5.52
SOPHIE ZHONG PTY LTD (I LIKE SHOPPING PROPERTY A/C)	70,501,898	5.41
SINO INVESTMENT AND HOLDING PTY LTD	45,161,500	3.46
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	27,621,505	2.12
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	25,060,658	1.92
MR BAOJIANG LIU	25,000,000	1.92
MR YIQUN FANG	21,967,244	1.69
PERPETUAL PROSPERITY HOLDING PTY LTD (LINDA MA SUPER FUND A/C)	16,666,667	1.28
ALLWAYS BORING PTY LTD (KINGSTON INVESTMENT A/C)	15,888,889	1.22
AUSTRALIAN CHILE MINING HOLDINGS PTY LTD (AUSTRALIAN CHILE MIN INV A/C)	14,850,000	1.14
BRAIDWOOD-WHITE PTY LTD (BRAIDWOOD-WHITE A/C)	13,888,889	1.07
XUEJUAN CHEN	13,888,889	1.07
3D PENCIL PTY LTD (3D PENCIL SUPER FUND A/C)	12,663,604	0.97
AUSTRALIAN AUTOLINES PTY LIMITED (C&T FAMILY A/C)	11,111,112	0.85
PERPETUAL PROSPERITY HOLDING PTY LTD (LINDA MA SF A/C)	10,760,799	0.83
AUSTRALIAN CHILE MINING HOLDINGS PTY LTD	10,000,000	0.77
MISS XU CHEN	9,965,373	0.76
	<u>961,117,017</u>	<u>73.75</u>

Admiralty Resources NL
Shareholder information
30 June 2022

Unquoted equity securities

There are no unquoted equity securities.

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
CITICORP NOMINEES PTY LIMITED	236,691,118	18.16
BNP PARIBAS NOMINEES PTY LTD (IB AU NOMS RETAILCLIENT DRP)	177,753,226	13.64
SMART EAST GLOBAL LIMITED	129,675,646	9.95

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote. Voting rights pro rata to the amount paid up on each partly paid share held by the Member.

Options do not carry a right to vote.

Restricted securities

Ordinary Shares

Of the 1,303,579,153 ordinary shares on issue as at 27 September 2022. All ordinary shares are quoted on the Australian Stock Exchange. No ordinary shares are subject to escrow restrictions.

Options

No options are subject to escrow restrictions.

The name of the Company Secretary is Mr Jarrod White. Mr White's qualifications are:

Bachelor of Business (BBus)
Chartered Accountant (CA ANZ)

Mr White has a practice in Chartered Accounting and advises and works in a number of public listed companies in Australia. In addition, he holds the position of Company Secretary in numerous public listed companies.

The address of the registered and principle office is:

Suite 305
35 Lime Street
Sydney NSW 2000

Registers of securities are held at the following address:

Boardroom Pty Limited
Lvl 12/225 George Street
The Rocks NSW 2000

Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Stock Exchange Limited.