



ADMIRALTY RESOURCES



**Admiralty Resources NL**

**ABN: 74 010 195 972**

**FINANCIAL REPORT  
FOR THE HALF -YEAR ENDED  
31 DECEMBER 2021**

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## CORPORATE DIRECTORY

### Admiralty Resources NL

ABN: 74 010 195 972

#### Directors:

Qing Zhong  
Jian Barclay  
Bin Li

#### Company Secretary:

Jarrod White

#### Principal Place of Business:

C/- Traverse Accountants  
Suite 305, Level 3  
35 Lime Street  
Sydney NSW 2000  
(02) 9283 6502

#### Registered Office:

C/- Traverse Accountants  
Suite 305, Level 3  
35 Lime Street  
Sydney NSW 2000  
(02) 9283 6502

#### Securities Quoted:

Australian Securities Exchange Ltd (ASX)  
Code: ADY (shares)

#### Auditors:

RSM Australia Partners  
Level 13, 60 Castlereagh Street  
Sydney NSW 2000

#### Bankers:

Westpac Banking Corporation  
447 Bourke Street  
Melbourne VIC 3000  
Australia

Scotiabank Azul  
Av. Costanera Sur 2710  
Piso 21 Torre A. Las  
Condes, Santiago  
Chile

National Australia Bank  
Level 13, Tower B  
799 Pacific Highway  
Chatswood NSW 2067  
Australia

#### Lawyers:

Addisons Lawyers  
Level 12  
60 Carrington Street  
Sydney NSW 2000  
Australia

Noguera, Larraín &  
Dulanto Abogados  
El Golf 40, piso 11  
Las Condes, Santiago  
Chile

#### Share Registry:

Boardroom Limited  
Level 12, 225 George St  
Sydney NSW 2000 Australia

#### Website:

[www.ady.com.au](http://www.ady.com.au)

### 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**

## DIRECTOR'S REPORT

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or "Group") 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 half-year ended 31 December 2021.

### Directors

The names of the Directors of the Company during or since the end of the previous financial period and up to the date of this report are:

- Qing Zhong (Managing Director)
- Bin Li (Non-executive Director)
- Jian Barclay (Non-executive chairperson, Non-executive Director)

## OPERATING AND FINANCIAL REVIEW

### 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.

### Operating Results

The results for the six-month period reflect a loss after tax of \$1,714,028 (2020: profit of \$866,416).

## REVIEW OF OPERATIONS

### HIGHLIGHTS:

#### Soberana Project

There was no activity during the period.

The Company is engaged with the liquidator of Rocterra. ADY will continue to keep the market informed as progress is made during this process.

#### Mariposa Project

The Company continued to pursue its indicative joint venture structure with Hainan pursuant to the Term Sheet and is now progressing to settling a final Joint Venture Agreement between the Company and Hainan.

A summary of the proposed terms can be found on the Company's announcement to the ASX on 8 November 2021.

#### Mariposa Project Update

In parallel with settling the Joint Venture Agreement with Hainan, ADY and Hainan have continued to progress towards commencement of construction activities at Mariposa – now expected to commence by the end of May 2022. The Company notes that delays in settling the Joint Venture Agreement and enabling commencement of activities at Mariposa were largely due to COVID-19 related travel disruption particularly given Hainan's operations team have previously been unable to apply for visas to enter Chile however this process is now underway.

### Significant changes in the state of affairs

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

### Events Subsequent to Balance Date

There were no significant events subsequent to balance date.

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included within these financial statements on page 6. This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors.

On behalf of the directors



**Qing Zhong**  
**Managing Director**  
**16 March 2022**

**RSM Australia Partners**

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GPO Box 5138 Sydney NSW 2001

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Admiralty Resources NL for the half year ended 31 December 2021, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

*RSM*

**RSM AUSTRALIA PARTNERS**

*G N SHERWOOD*  
*GNS*

**G N SHERWOOD**  
Partner

Sydney, NSW

Dated: 16 March 2022

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

		Consolidated Group	
	Note	31 December 2021	31 December 2020
		\$	\$
<b>Revenue</b>			
Other Income	2	39,085	48,205
Fair value gain on revaluation of derivative host liability	2,4	550,233	1,689,939
		<b>589,318</b>	<b>1,738,144</b>
<b>Expenses</b>			
Administration expenses		(140,605)	(149,432)
Consultancy and professional expenses		(274,265)	(154,412)
Depreciation expense		(1,638)	-
Employee benefits expense		-	(31,685)
Exploration expenses		(66,042)	-
Finance costs		(1,619,551)	(896,982)
Foreign exchange (loss)/gain		(191,245)	360,783
Occupancy expenses		(10,000)	-
<b>(Loss)/profit before income tax</b>		<b>(1,714,028)</b>	<b>866,416</b>
Tax expense		-	-
<b>(Loss)/profit after income tax for the half year</b>		<b>(1,714,028)</b>	<b>866,416</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences arising from foreign operations		-	-
<b>Total other comprehensive income for the half year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive (loss)/income for the half year</b>		<b>(1,714,028)</b>	<b>866,416</b>
<b>(Loss)/profit after income tax attributable to:</b>			
Members of the parent entity		<b>(1,714,028)</b>	<b>866,416</b>
<b>Total comprehensive (loss)/profit attributable to:</b>			
Members of the parent entity		<b>(1,714,028)</b>	<b>866,416</b>
<b>Earnings loss per share</b>			
Basic and diluted earnings per share (cents)		(0.13)	0.07

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		Consolidated Group	
	Note	31 December 2021	30 June 2021
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		1,227,437	107,946
Trade and other receivables		965,784	733,203
<b>Total Current Assets</b>		<b>2,193,221</b>	<b>841,149</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		183,807	185,445
Mining interests	3	22,477,637	22,276,237
<b>Total Non-Current Assets</b>		<b>22,661,444</b>	<b>22,461,682</b>
<b>Total Assets</b>		<b>24,854,665</b>	<b>23,302,831</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		675,753	977,581
Borrowings	4	10,585,396	9,485,707
<b>Total Current Liabilities</b>		<b>11,261,149</b>	<b>10,463,288</b>
<b>Non-Current Liabilities</b>			
Borrowings	4	2,033,682	2,033,682
<b>Total Non-Current Liabilities</b>		<b>2,033,682</b>	<b>2,033,682</b>
<b>Total Liabilities</b>		<b>13,294,831</b>	<b>12,496,970</b>
<b>Net Assets</b>		<b>11,559,834</b>	<b>10,805,861</b>
<b>EQUITY</b>			
Issued capital	6	148,182,094	145,714,094
Reserves	10	(744,934)	(744,934)
Accumulated losses		(135,877,326)	(134,163,299)
<b>Total Equity</b>		<b>11,559,834</b>	<b>10,805,861</b>

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



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Contributed Equity	Foreign Currency Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	145,714,094	(744,934)	(134,163,298)	10,805,862
Loss after income tax	-	-	(1,714,028)	(1,714,028)
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	-	<b>(1,714,028)</b>	<b>(1,714,028)</b>
Shares issued net of transaction costs	2,468,000	-	-	2,468,000
<b>Balance at 31 December 2021</b>	<b>148,182,094</b>	<b>(744,934)</b>	<b>(135,877,326)</b>	<b>11,559,834</b>
<b>Balance at 1 July 2020</b>	145,714,094	(744,934)	(133,425,982)	11,543,178
Profit after income tax	-	-	866,416	866,416
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	<b>866,416</b>	<b>866,416</b>
<b>Balance at 31 December 2020</b>	<b>145,714,094</b>	<b>(744,934)</b>	<b>(132,559,566)</b>	<b>12,409,594</b>

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Consolidated Group	
	31 December 2021	31 December 2020
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(526,995)	(362,910)
Other receipts	-	48,205
Payments for exploration expenditure on mining interests	(66,042)	-
Net cash outflow from operating activities	<b>(593,037)</b>	<b>(314,705)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for exploration expenditure on mining interests	(201,400)	-
Deposits paid	(282,561)	-
Net cash outflow from investing activities	<b>(483,961)</b>	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	2,489,000	-
Cost of equity raising	(132,000)	-
Repayment of borrowings	(160,511)	(78,770)
Net cash inflow/(outflow) from financing activities	<b>2,196,489</b>	<b>(78,770)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,119,491</b>	<b>(393,475)</b>
Cash and cash equivalents at beginning of the period	107,946	102,897
Effects of exchange rate changes on the translation of foreign controlled entities	-	353,755
Cash and cash equivalents at end of the period	<b>1,227,437</b>	<b>63,177</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE HALF YEAR ENDED 31 DECEMBER 2021

#### NOTE 1: SUMMARY OF ACCOUNTING POLICIES

##### (a) Statement of compliance

These general purpose financial statements for the half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The financial statements were authorised for issue by the Directors on 16 March 2022.

##### (b) Basis of Preparation

This interim financial report is intended to provide users with an update on the latest annual financial statements of Admiralty Resources NL and its controlled entities ("the Group"). As such, it does not contain all information that would normally be included in annual financial statements. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2021, together with any public announcements made during the following half-year in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

##### (c) Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

##### I. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of the entities controlled by the Company at the end of the reporting period and the results for all subsidiaries for the half year ended 31 December 2021. The Company and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'. 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 control ceases.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated group have been eliminated in full, on consolidation.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE HALF YEAR ENDED 31 DECEMBER 2021

#### NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

ii. Convertible Notes

Convertible notes are separated into the host liability and embedded derivative components based on the terms of the agreement. The embedded option is recognised at fair value using the Black Scholes method of options valuation. The host debt component of the convertible note is initially measured at fair value. The host debt is carried at amortised cost using the effective interest method until it is extinguished on conversion or redemption.

*Embedded Derivative*

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative.

The embedded derivative is separated from the host contract and accounted for as a derivative if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract. The embedded derivative is measured at fair value with changes in value being recorded in profit or loss.

iii. 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 half-year interim financial report, the Group generated a loss of \$1,714,028 and had net cash outflows from operating activities of \$593,037 for the half-year ended 31 December 2021. As at that date the Group had net current liabilities of \$9,067,928. 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 source additional funding to continue its operations and for the existing convertible note holders to convert their debt to equity, or extend the facilities. 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.

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:

- The Company's loan facility with Shanghai Long Sheng Technology Development Co. Limited has been drawn down to \$4,116,182 of the total facility of \$4,500,000 which includes a new loan facility of \$1,500,000 which was signed in September 2020. The Directors believe the remaining balance of \$383,818 is sufficient to meet operating costs for the next 12 months;

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE HALF YEAR ENDED 31 DECEMBER 2021

#### NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

- Shanghai Long Sheng Technology Development Co. Limited have confirmed they will not call for repayment of the balance of \$4,116,182 disclosed as current in note 4 for a minimum of 12 months from the date the 31 December 2021 financial statements are authorized;
- Smart East Global Limited have confirmed that they will not call for repayment of the convertible notes of USD\$3,600,000 until the Company has the capacity to make repayment for a minimum of 12 months from the date the 31 December 2021 financial statements are authorized;
- The director loan of \$2,033,682 disclosed in note 4 will not be called for repayment should the Company doesn't have the capacity to make repayment for a minimum of 12 months from the date the financial statements have been authorized; and
- 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.

Accordingly, the Directors believe that the Group 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.

#### (d) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

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 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE HALF YEAR ENDED 31 DECEMBER 2021

#### NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

##### Key judgements

##### *i. Exploration and evaluation expenditure*

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at \$22,477,637 (30 June 2021: \$ 22,276,237). Mining interests are contained in Note 3 of the financial statements.

##### Key estimates

##### *i. Impairment – general*

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

##### *ii. Convertible Note*

At 31 December 2021, the Group had a total balance of \$6,469,214 in respect of the convertible notes. 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.

The derivative component of the Convertible Notes have been classified as a financial liability in accordance with AASB 132 paragraphs 15 and 16, as the convertible notes may be converted into a variable number of shares depending on the future share price of the Company. The embedded derivative has been valued separately from the debt host liability and recorded at fair value at each reporting period, with changes in value being recorded in profit or loss.

The assessed fair values of the embedded derivative are determined using a Black-Scholes option pricing model.

#### **(e) New and revised accounting requirements applicable to the current half- year reporting period**

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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE HALF YEAR ENDED 31 DECEMBER 2021

#### NOTE 2: REVENUE AND OTHER INCOME

	Consolidated Group	
	31 December 2021	31 December 2020
	\$	\$
Revenue from continuing operations		
Other Income		
Gain on revaluation of embedded derivative financial liability to fair value	550,233	1,689,939
Other income	39,085	48,205
	<b>589,318</b>	<b>1,738,144</b>

#### NOTE 3: MINING INTERESTS

	Consolidated Group	
	31 December 2021	30 June 2021
	\$	\$
Carrying amount	<b>22,477,637</b>	<b>22,276,237</b>
<i>Movement in carrying amounts:</i>		
Balance at the beginning of the period	22,276,237	22,151,990
Additions	201,400	124,247
<b>Balance at the end of the period</b>	<b>22,477,637</b>	<b>22,276,237</b>

#### NOTE 4: BORROWINGS

	Consolidated Group	
	31 December 2021	30 June 2021
	\$	\$
Current		
Convertible Note – Cash Coupon Payable	1,507,803	1,242,863
Convertible Note – Debt Host Liability	4,961,411	3,677,091
Convertible Note – Derivative Liability	-	550,233
Loans from related parties <sup>(iii)</sup>	4,116,182	4,015,520
	<b>10,585,396</b>	<b>9,485,707</b>
Non-current		
Loans from related party <sup>(i)</sup>	2,033,682	2,033,682
	<b>2,033,682</b>	<b>2,033,682</b>

- (i) This loan is at call, unsecured and is non-interest bearing. This loan is owed to a director, who has indicated that they will not call for repayment within 12 months of this financial report.
- (ii) This loan facility agreement with Shanghai Long Sheng Technology Development Co. Limited to provide up to AU \$4,500,000, at a rate of 5% per annum, with repayment of the loan and accrued interest by 31 December 2021. This includes the additional \$1,500,000 amount agreed in September 2020. An extension of this loan is being negotiated as at the date of this report but all terms of the agreement remain in place at the balance date.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE HALF YEAR ENDED 31 DECEMBER 2021

#### NOTE 5: FINANCIAL INSTRUMENTS

##### 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

##### Fair Value Measurements at 31 December 2021 Using:

	Quoted Prices in Active Markets for Identical Assets \$ (Level 1)	Significant Observable Inputs \$ (Level 2)	Significant Unobservable Inputs \$ (Level 3)
<b>Financial Liabilities</b>			
Convertible note – embedded derivative component	-	-	-

##### Fair Value Measurements at 30 June 2021 Using:

	Quoted Prices in Active Markets for Identical Assets \$ (Level 1)	Significant Observable Inputs \$ (Level 2)	Significant Unobservable Inputs \$ (Level 3)
<b>Financial Liabilities</b>			
Convertible note – embedded derivative component	-	-	550,233

#### NOTE 6: ISSUED CAPITAL

	Consolidated Group	
	31 December 2021 \$	30 June 2021 \$
<b>Ordinary Shares</b>		
At the beginning of the period	145,714,094	145,714,094
Shares issued upon grant of share application	2,468,000	-
<b>Contributed equity at the end of the period</b>	<b>148,182,094</b>	<b>145,714,094</b>
	31 December 2021 No. of Shares	30 June 2021 No. of Shares
<b>Ordinary Shares</b>		
At the beginning of the financial period	1,159,134,699	1,159,134,699
Shares issued upon grant of share application	144,444,454	-
	<b>1,303,579,153</b>	<b>1,159,134,699</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE HALF YEAR ENDED 31 DECEMBER 2021

#### NOTE 6: ISSUED CAPITAL (CONTINUED)

The company has issued 97,222,230 shares on 2 July 2021 and 47,222,225 shares on 16 July 2021; total number of shares issued was 144,444,454 at \$0.018 per share. Total proceeds received is \$2,600,000 and cost of capital raising was \$132,000. All capital raising activities were completed in July 2021.

#### NOTE 7: CAPITAL COMMITMENTS

	Consolidated Group	
	31 December 2021	30 June 2021
	\$	\$
Payable:		
No later than twelve months	64,918	66,507
Between twelve months and five years	259,672	266,028
	<b>324,590</b>	<b>332,535</b>

#### NOTE 8: EVENTS AFTER REPORTING DATE

There were no significant events subsequent to balance date.

#### NOTE 9: OPERATING SEGMENTS

The predominant activity of the Group is the exploration for mineral resources. Geographically, the Group operates in three geographical locations – Australia, Hong Kong and Chile.

##### a. 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.

##### b. Intersegment transactions

There are no inter-segment sales.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE HALF YEAR ENDED 31 DECEMBER 2021

#### NOTE 9: OPERATING SEGMENTS (CONTINUED)

##### c. Business segments

The Group operates in one business segment, being mineral exploration.

	Australia 31-Dec 2021 \$	HK 31-Dec 2021 \$	Chile 31-Dec 2021 \$	Consolidated Entity 31-Dec 2021 \$
<b>Revenue</b>				
Revenue from continuing operations	-	550,233	39,085	589,318
Total segment revenue	-	550,233	39,085	589,318
<b>Entity revenue</b>				<b>589,318</b>
<b>Profit</b>				
Total segment result	(353,411)	(1,260,201)	(100,416)	(1,714,028)
Unallocated				-
Operating loss before income tax				<b>(1,714,028)</b>
<b>Assets</b>				
Segment assets	2,493,360	10,725	22,350,579	<b>24,854,664</b>
Segment liabilities	(11,134,412)	(598)	(2,159,822)	<b>(13,294,832)</b>
Segment net (liabilities)/assets	(8,480,540)	(150,384)	20,190,757	<b>11,559,833</b>
	Australia 31-Dec 2020 \$	HK 31-Dec 2020 \$	Chile 31-Dec 2020 \$	Consolidated Entity 31-Dec 2020 \$
<b>Revenue</b>				
Revenue from continuing operations	-	1,689,939	48,205	1,738,144
Total segment revenue	-	1,689,939	48,205	1,738,144
<b>Entity revenue</b>				<b>1,738,144</b>
<b>Profit</b>				
Total segment result	(141,920)	1,147,235	(138,899)	<b>866,416</b>
Unallocated				-
Operating profit before income tax				<b>866,416</b>
<b>Assets</b>				
Segment assets	1,495,153	10,725	21,490,927	<b>22,996,805</b>
Segment liabilities	(8,426,792)	(598)	(2,159,821)	<b>(10,587,211)</b>
Segment net (liabilities)/assets	(6,931,639)	10,127	19,331,106	<b>12,409,594</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE HALF YEAR ENDED 31 DECEMBER 2021

#### NOTE 10: RESERVES

	Consolidated Group	
	31 December 2021	30 June 2021
	\$	\$
<b>Foreign currency translation reserve</b>		
Balance at the beginning of the financial period	(744,934)	(744,934)
<b>Balance at the end of the financial period</b>	<b>(744,934)</b>	<b>(744,934)</b>
<b>Total Reserves</b>	<b>(744,934)</b>	<b>(744,934)</b>

#### NOTE 11: CONTINGENCIES

There were no contingent assets or liabilities at 31 December 2021.

#### NOTE 12: RELATED PARTY TRANSACTIONS

The Group's main related parties are as follows:

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

	Consolidated Group	
	31 December 2021	30 June 2021
	\$	\$
<b>Loans from related parties:</b>		
Jin Xin International Pty Ltd	50,270	50,270
Shanghai Ying Xun Technology Pty Ltd	1,983,414	1,983,414
Shanghai Long Sheng Technology Development Co. Limited	4,116,182	4,015,519
	<b>6,149,866</b>	<b>6,049,203</b>

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

Jin Xin International Pty Ltd	50,270	50,270
Sun Investments Holdings	86,435	86,435
	<b>136,705</b>	<b>136,705</b>

## DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Admiralty Resources NL, the directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 19, are in accordance with the *Corporations Act 2001* including:
  - a. complying with Accounting Standard 134: *Interim Financial Reporting*; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of the performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by section 303(5)(a) of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



**Qing Zhong**  
**Managing Director**  
**16 March 2022**

## INDEPENDENT AUDITOR'S REVIEW REPORT

### TO THE MEMBERS OF

### ADMIRALTY RESOURCES NL

#### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Admiralty Resources NL which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Admiralty Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Admiralty Resources NL, would be in the same terms if given to the directors as at the time of this auditor's report.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a loss after tax of \$1,714,028 for the period ended 31 December 2021. As at that date the Group had current liabilities of \$9,067,928. 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 source additional funding to continue its operations and for the existing convertible note holders to convert their debt to equity, or extend the facilities. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Admiralty Resources NL is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



**RSM AUSTRALIA PARTNERS**



**G N Sherwood**  
Partner

Sydney, NSW  
Dated: 16 March 2022

## ASX ADDITIONAL INFORMATION

### Schedule of Tenements

<i>Tenement Reference</i>	<i>Registered Holder</i>	<i>Country</i>	<i>Project Group</i>
M39/159 (50%)	Pyke Hill Resources Pty Ltd	Australia	Pyke Hill
<b>HARPER SOUTH</b>			
Negrita 1-4	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Negrita Group
Leo Doce, 1-60	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Negrita Group
Soberana 1-5	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Soberana Group
Phil Cuatro, 1-16	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Soberana Group
Leo 101, 1-30	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Soberana Group
Leo Cinco, 1-60	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Mariposa Group
Leo Seis, 1-58	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Mariposa Group
Leo Ocho, 1-60	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Mariposa Group
Leo Nueve, 1-60	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Mariposa Group
Leo Diez, 1-40	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Mariposa Group
Leo Once, 1-40	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Mariposa Group
Leo Trece, 1-60	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Mariposa Group
<b>OTHER SECTORS</b>			
Pampa Tololo 1-2475	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Pampa Tololo Group
Cerro Varilla 1-732	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Pampa Tololo Group
Leo 14, 1-40	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Other Tenements
Leo 105	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Other Tenements
Leo 106	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Other Tenements
Leo 107	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Other Tenements
Mal Pelo	Admiralty Minerals Chile Pty Ltd Agencia en Chile	Chile	Other Tenements

Note: all tenements are 100% owned unless otherwise stated in the Tenement Reference.