



Admiralty Resources NL

ABN: 74 010 195 972

**FINANCIAL REPORT
FOR THE HALF -YEAR ENDED
31 DECEMBER 2019**

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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

Registered Office:

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

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

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 of Admiralty Resources NL submit the half-year financial report of the Company for the half year ended 31 December 2019 which comprises the results of Admiralty Resources NL and the entities it controlled during the period.

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 (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 (\$621,049) (2018 profit: \$27,886).

REVIEW OF OPERATIONS

HIGHLIGHTS:

Soberana Project

Rocterra Limitada, a local Chilean mining Company has been undertaking infrastructure and construction activities in preparation of the forthcoming commercialization of the mine. Formal lodgments have been made for the surface rights permits for the mine, with the rights granted by Hot Chili Limited. There is currently an outstanding permit for the land held by Campaña Minera del Pacífico (CMP).

Production at the Soberana mine is expected to commence over the coming months.

Mariposa Project

The financing stage of the Mariposa project has been delayed due to the Corona Virus impact on the banking sector in Mainland China. The final deposit due to be paid by Ning Bo Qiaohui Leasing and Financial Co. Ltd. is pending release on the opening up of the financial markets in China. Further preparation work is being performed in the background to ensure the site is ready for operations with the requisite DIA approval documents being submitted with the DIA company on ADY's behalf.

Events Subsequent to Balance Date

Subsequent to the reporting period, the Group drew down a further US \$150,000. These funds will be used for working capital.

There were no other 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.

Signed in accordance with a resolution of directors.

On behalf of the Directors



Qing Zhong
Managing Director
13 March 2020

RSM Australia Partners

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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 2019, 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.

A stylized blue ink signature of 'Rsm'.

RSM AUSTRALIA PARTNERS

A blue ink signature of 'C J Hume'.

C J Hume
Partner

Sydney, NSW

Dated: 13 March 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

		Consolidated Group	
	Note	31 December 2019	31 December 2018
		\$	\$
Revenue			
Other Income	2	28,973	2,529
Fair value gain on revaluation of derivative host liability	2,4	24,957	2,021,963
Gain on derecognition of convertible note facility	2,4	582,442	-
		636,372	2,024,492
Expenses			
Administration expenses		(64,756)	(103,929)
Consultancy and professional expenses		(232,203)	(257,070)
Depreciation expense		(1,313)	(18,863)
Employee benefits expense		(32,005)	(83,125)
Exploration expenses		(91,255)	(57,084)
Finance costs		(812,476)	(1,427,936)
Foreign exchange loss		(3,521)	(12,566)
Travel expenses		(19,892)	(36,033)
(Loss)/profit before income tax		(621,049)	27,886
Tax expense		-	-
(Loss)/profit after income tax for the half year		(621,049)	27,886
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from foreign operations		-	13,684
Total other comprehensive (loss)/profit for the half year		-	13,684
Total comprehensive (loss)/profit for the half year		(621,049)	41,570
(Loss)/profit after income tax attributable to:			
Members of the parent entity		(621,049)	27,886
Total comprehensive (loss)/profit attributable to:			
Members of the parent entity		(621,049)	41,570
Earnings loss per share			
Basic and diluted earnings per share (cents)		(0.05)	0.00

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 2019

		Consolidated Group	
	Note	31 December 2019	30 June 2019
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		363,651	114,639
Trade and other receivables		583,761	617,483
Total Current Assets		947,412	732,122
Non-Current Assets			
Property, plant and equipment		213,045	214,358
Mining interests	3	21,615,728	21,469,769
Total Non-Current Assets		21,828,773	21,684,127
Total Assets		22,776,185	22,416,249
LIABILITIES			
Current Liabilities			
Trade and other payables		717,731	741,872
Borrowings	4	2,838,834	4,825,669
Total Current Liabilities		3,556,565	5,567,541
Non-Current Liabilities			
Borrowings	4	6,751,650	3,759,690
Total Non-Current Liabilities		6,751,650	3,759,690
Total Liabilities		10,308,215	9,327,234
Net Assets		12,467,970	13,089,018
EQUITY			
Issued capital	6	145,714,094	145,714,094
Reserves	10	(744,934)	(744,934)
Accumulated losses		(132,501,190)	(131,880,142)
Total Equity		12,467,970	13,089,018

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 2019

	Contributed Equity	Foreign Currency Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2019	145,714,094	(744,934)	(131,880,142)	13,089,019
Comprehensive income				
Loss after income tax	-	-	(621,049)	(621,049)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	(621,049)	(621,049)
Balance at 31 December 2019	145,714,094	(744,934)	(132,501,191)	12,467,970
 Balance at 1 July 2018	 145,659,646	 (758,618)	 (130,731,749)	 14,169,279
Comprehensive income				
Profit after income tax	-	-	27,886	27,886
Other comprehensive income for the period	-	13,684	-	13,684
Total comprehensive income for the period	-	13,684	27,886	27,886
Balance at 31 December 2018	145,659,646	(744,934)	(130,703,863)	14,210,849

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 2019

	Consolidated Group	
	31 December 2019	31 December 2018
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	-	-
Payments to suppliers and employees	(375,012)	(579,574)
Refund from suppliers	28,928	2,529
Interest received	45	-
Net cash outflow from operating activities	(346,039)	(577,045)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration expenditure on mining interests	(237,213)	(423,256)
Net cash outflow from investing activities	(237,213)	(423,256)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from receipt of bond	32,214	102,562
Proceeds from borrowings	800,050	757,035
Net cash inflow from financing activities	832,264	859,597
Net increase/(decrease) in cash and cash equivalents	249,012	(140,704)
Cash and cash equivalents at beginning of the period	114,639	241,763
Effects of exchange rate changes on the translation of foreign controlled entities	-	7,974
Cash and cash equivalents at end of the period	363,651	109,033

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 2019

NOTE 1: SUMMARY OF ACCOUNTING POLICIES

(a) Statement of compliance

These general purpose financial statements for the half-year reporting period ended 31 December 2019 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 13 March 2020.

(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 2019, 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 2019. 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 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 2019

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 incurred a loss after tax of \$621,049 and had net cash outflows from operating and investing activities of \$346,039 and \$237,213 respectively for the half year ended 31 December 2019. As at that date the Group had net current liabilities of \$2,609,153.

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 \$2,556,968 of the total facility of \$3,000,000 which includes a new loan facility of \$1,500,000 which was signed in July 2019. Per directors, the remaining balance of \$443,032 is deemed adequate to meet short term operating costs.
- Shanghai Long Sheng Technology Development Co. Limited have confirmed they will not be call for repayment of the debt which expires in October 2020 should there not be sufficient funds in the company at that time and will extend the term of this facility;
- The director loan of \$2,033,882 disclosed in note 4 will not be called for repayment should there not be sufficient funds in the company;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

- The Company had entered into a contract mining lease with Rocterra Limitada in December 2018 in regard to the Soberana Project. Under the terms of the lease Admiralty will receive a monthly payment for its share of production. Production is expected to commence in mid 2020 which will introduce sufficient new cash inflows well in excess of the current operating costs;
- The Directors are of the opinion that the existing Convertible Note facilities disclosed in Note 5 will either be converted to equity, or refinanced as required. Subsequent to year end the term of the convertible note had been extended two years to December 2021; 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.

(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.

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 \$21,615,728 (30 June 2019: \$21,469,769). Mining interests are contained in Note 3 of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

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 2019, the Group had a balance of \$4,999,834 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.

As per AASB 139 paragraph 11

An embedded derivative shall be separated from the host contract and accounted for as a derivative under this Standard if, and only if:

- a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- b) the hybrid (combined) instrument is not measured at fair value with changes in fair value recognised in profit or loss (i.e. a derivative that is embedded in a financial asset or financial liability)

The Group has determined the characteristics of the convertible note meet the criteria of an embedded derivative according to the above accounting standards. Further, 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 adoption of all the new and revised Standards and Interpretations has not resulted in any material changes to the consolidated entity's accounting policies and has no effect on the amounts reported for the current or prior half-years. The Group has considered for the first time AASB 16 "Leases".

AASB 16 provides a model for the identification and treatment of lease arrangements in the financial statements. AASB 16 superseded the lease guidance including AASB 117 Leases and the related Interpretations, when it became effective for the Group for the accounting period beginning 1 July 2019. The Group has no leases and there is therefore no impact on the accounts for this or the prior comparative financial period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 2: REVENUE AND OTHER INCOME

	Consolidated Group	
	31 December 2019	31 December 2018
	\$	\$
Revenue from continuing operations		
Other Income		
Gain on revaluation of embedded derivative financial liability to fair value	24,957	2,021,963
Gain on derecognition of convertible note facility	582,442	-
Other income	28,973	2,529
	636,372	2,024,492

NOTE 3: MINING INTERESTS

	Consolidated Group	
	31 December 2019	30 June 2019
	\$	\$
Carrying amount	21,615,728	21,469,769
<i>Movement in carrying amounts:</i>		
Balance at the beginning of the period	21,469,769	19,423,377
Additions	139,107	2,046,392
Effects of foreign exchange	6,852	-
Balance at the end of the period	21,615,728	21,469,769

NOTE 4: BORROWINGS

	Consolidated Group	
	31 December 2019	30 June 2019
	\$	\$
Current		
Convertible Note – Cash Coupon Payable ⁽ⁱ⁾	281,866	1,064,547
Convertible Note – Debt Host Liability ⁽ⁱ⁾	-	2,655,394
Convertible Note – Derivative Liability ⁽ⁱ⁾	-	1,105,728
Loans from related parties ⁽ⁱⁱⁱ⁾	2,556,968	-
	2,838,834	4,825,669
Non-current		
Loans from related party ⁽ⁱⁱⁱ⁾	2,033,682	2,083,954
Loans from related parties ⁽ⁱⁱⁱ⁾	-	1,675,736
Convertible Note – Debt Host Liability ⁽ⁱ⁾	2,035,319	-
Convertible Note – Derivative Liability ⁽ⁱ⁾	2,682,649	-
	6,751,650	3,759,690

(i) During HY20, the convertible notes were rolled into a new facility with the effect of extending the date of the term to 31 December 2021. The balance of the facility drawn remains at 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). No other amendments were made to the facility.

(ii) This loan is at call, unsecured and is non-interest bearing.

(iii) This loan facility agreement with Shanghai Long Sheng Technology Development Co. Limited to provide up to AU \$3,000,000, at a rate of 5% per annum, with repayment of the loan and accrued interest by 1 October 2020.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 5: FINANCIAL INSTRUMENTS

The following table gives an overview of the financial instruments valued at fair value.

	Fair Value Measurements at 31 December 2019 Using:		
	Quoted Prices in Active Markets for Identical Assets	Significant Observable Inputs	Significant Unobservable Inputs
	\$	\$	\$
	(Level 1)	(Level 2)	(Level 3)
Financial Liabilities			
Convertible note – embedded derivative component	-	-	2,682,649

NOTE 6: ISSUED CAPITAL

	Consolidated Group	
	31 December 2019	30 June 2019
	\$	\$
Ordinary Shares		
At the beginning of the period	145,714,094	145,659,646
Shares issued upon grant of share application	-	54,448
Contributed equity at the end of the period	145,714,094	145,714,094
	31 December 2019	30 June 2019
	No. of Shares	No. of Shares
Ordinary Shares		
At the beginning of the financial period	1,159,134,699	1,154,115,564
Shares issued upon grant of share application	-	5,019,135
	1,159,134,699	1,159,134,699

NOTE 7: CAPITAL COMMITMENTS

	Consolidated Group	
	31 December 2019	30 June 2019
	\$	\$
Payable:		
No later than twelve months	71,367	71,296
Between twelve months and five years	285,469	285,184
	356,836	356,480

NOTE 8: EVENTS AFTER REPORTING DATE

Subsequent to the reporting period, the Group drew down a further US \$150,000. These funds will be used for working capital.

There were no other significant events subsequent to balance date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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.

c. Business segments

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

	Australia	HK	Chile	Consolidated
	31-Dec	31-Dec	31-Dec	Entity
	2019	2019	2019	31-Dec
	\$	\$	\$	2019
				\$
Revenue				
Revenue from continuing operations	28,973	607,399	-	636,372
Total segment revenue	28,973	607,399	-	636,372
Entity revenue				636,372
Profit				
Total segment result	(146,738)	(205,077)	(269,234)	(621,049)
Unallocated				-
Operating profit before income tax				(621,049)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 9: OPERATING SEGMENTS (CONTINUED)

	Australia 31-Dec 2019 \$	HK 31-Dec 2019 \$	Chile 31-Dec 2019 \$	Consolidated Entity 31-Dec 2019 \$
Assets				
Segment assets	1,765,557	10,725	20,999,904	<u>22,776,186</u>
Segment liabilities	8,147,796	598	2,159,822	<u>10,308,216</u>
Segment net (liabilities)/assets	(6,382,240)	10,127	18,840,082	<u>12,467,969</u>
	Australia 31-Dec 2018 \$	HK 31-Dec 2018 \$	Chile 31-Dec 2018 \$	Consolidated Entity 31-Dec 2018 \$
Revenue				
Revenue from continuing operations	-	2,021,963	2,529	2,024,492
Total segment revenue	-	2,021,963	2,529	<u>2,024,492</u>
Entity revenue				<u>2,024,492</u>
Profit				
Total segment result	(255,808)	594,027	(310,333)	<u>(27,886)</u>
Unallocated				-
Operating profit before income tax				<u>(27,886)</u>
	Australia 30-Jun 2019 \$	HK 30-Jun 2019 \$	Chile 30-Jun 2019 \$	Consolidated Entity 30-Jun 2019 \$
Assets				
Segment assets	1,544,971	10,725	20,860,553	<u>22,416,249</u>
Segment liabilities	7,168,186	598	2,158,447	<u>9,327,231</u>
Segment net (liabilities)/assets	(5,623,215)	10,127	18,702,106	<u>13,089,018</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 10: RESERVES

	Consolidated Group	
	31 December 2019	30 June 2019
	\$	\$
Foreign currency translation reserve		
Balance at the beginning of the financial period	(744,934)	(758,618)
Exchange differences on translation of foreign controlled entities	-	13,684
Balance at the end of the financial period	(744,934)	(744,934)
Total Reserves	(744,934)	(744,934)

NOTE 11: CONTINGENCIES

There were no contingent assets or liabilities at 31 December 2019.

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 2019 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
13 March 2020

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 2019, 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 2019 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.

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 2019 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



C J Hume
Partner

Sydney, NSW
Dated: 13 March 2020