

Admiralty Resources Ltd

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Admiralty Resources study yields positive project economics for Mariposa magnetite project

Admiralty Resources (ASX: ADY) has completed the a Pre-Feasibility Study (PFS) for its Mariposa magnetite iron ore project in Chile, confirming that it is economically viable, technically feasible and environmentally sound.

Key takeaways include a 49.1% post-tax internal rate of return, a 2.25 year payback on a \$65.5 million capital investment.

This is based on a Resource of 66.6 million tonnes at 35.6% iron using a cut-off of 25% iron that provides for a 12 year Life of Mine and operational cost for final product CFR China ports of \$89.10 per tonne.

Mariposa also has a post-tax Net Present Value (NPV) of \$211 million at a 8% discount rate at World Bank forecasted long-term iron prices with an average of \$141/tonne¹ of the final product at 62% iron.

The PFS was completed by Redco Mining Consultants (REDCO) over the project. It also found that changing the parameters to use a current prevailing iron ore price of \$128.50/tonne CFR China still yielded an attractive IRR of 41.37%, a 2.5 year payback and a post-tax NPV of \$148 million.

"We are extremely pleased with the results of the Mariposa Pre-Feasibility Study," chairman Ross Harper said.

"The study has highlighted the robust economics of the project and encourages the company in the expansion of its resources and the development of full-scale mining and processing across its Harper South district."

Admiralty believes there is potential upside to the current PFS which may be improved following the results of further detailed metallurgical testing currently underway and the refining of the processing plant, resulting in lower feed grades, greater mineral resources available for processing and greater life of mine.

Mariposa and PFS

The Mariposa deposit is located in the Atacama region in northern Chile about 20 kilometres south of Vallenar.

The project spans an area that extends about 1.2 kilometres east-west and 1.5 kilometres north-south.

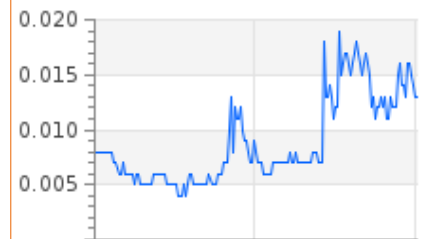
Mariposa is part of Admiralty's Harper South project portfolio. Harper South is one of three separate mineral concession areas being developed by Admiralty in Chile.

Admiralty commissioned REDCO to independently prepare a pre-feasibility

Price: 0.014

Market Cap: \$16.23 m

1 Year Share Price Graph



December 2019 June 2020 November 20

Share Information

Code: ADY

Listing: ASX

52 week	High	Low
	0.075	0.004

Sector: Mining

Website: www.ady.com.au

Company Synopsis:

Admiralty Resources Ltd (ASX:ADY) is listed on the Australian Securities Exchange.

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level study in which a mine design, process design and mine production schedule was computed in order to derive the technical feasibility of running an efficient mining operation of the Mariposa magnetite ore body.

This was based on the most recent resource model and engineering completed to a conceptual, pre-feasibility level of detail.

The methodology first established a resource inventory model based on air reverse circulation drilling (RC) and diamond drilling (DD) undertaken as part of the PFS. The second step consisted of computing a mining sequence, mine design and production schedule based on estimated operating unit costs and metallurgical tests performed on diamond core and bulk samples.

The plant was then designed using a metallurgical test database. An integrated mine-plant production schedule, definition of ore campaigns, stockpiles and general infrastructure to undertake mining of 1 million tonnes of final product at 62% FeT was computed, and operating expenses and capital expenses determined.

The project considers a traditional open-pit mining operation with drilling, blasting, loading and hauling unit operations with proven technology in similar operating iron ore open-pit mines.

The process design was based on metallurgical tests conducted at Polimin with samples from cores.

An integrated mine-plant production schedule is computed through the life of mine seeking to mine near-to-surface ore for rapid payback, primarily including Measured and Indicated resources. The estimated overall stripping ratio is 1.46.

The total production estimated for 12 years LOM is 10.9Mt of final product with 62% total iron and 24Mt of waste.

JORC Resources at Mariposa had doubled in January 2013 to 174.5 million tonnes at 24.5% iron from an earlier estimate of 87.8 million tonnes at 23.3% iron using a 15% iron cut off.

Admiralty had \$1.5 million in cash as of 31 March 2013.

Analysis

The Pre-Feasibility Study highlights the attractiveness of Admiralty's Mariposa magnetite iron ore project even after the parameters are altered to use current iron ore prices.

The study provides concrete metrics of the project economics of Mariposa and would encourage further expansion of its resources and the development of full-scale mining and processing across its Harper South district. It also places the project on track for production to start in 2014-2015.

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