

CONSOLIDATION OF ADMIRALTY RESOURCES NL SHARES TAXATION SUMMARY FOR SHAREHOLDERS

1. General

The following summary is expressed in general terms and is not intended to represent taxation advice. The taxation position of individual Admiralty Resources NL ("Admiralty") shareholders will depend on their own particular circumstances. The summary is not applicable to all categories of Admiralty shareholders, and in particular, does not apply to:

- i) Admiralty shareholders who do not hold their Admiralty shares as capital assets; and
- ii) Admiralty shareholders who are not the beneficial owner of their Admiralty shares.

Admiralty shareholders should seek their own taxation advice in order to understand how the consolidation applies to their own particular circumstances.

2. Admiralty Share Consolidation

2.1 Resident Admiralty Shareholders

Admiralty shareholders who are residents of Australia for taxation will be entitled to claim capital gains tax ("CGT") rollover relief with respect to the Admiralty share consolidation. If Admiralty Shareholders elect to avail themselves of CGT rollover relief, capital gains or losses which would otherwise arise as a result of the Admiralty share consolidation will be disregarded. The rollover election is held to be made by the Admiralty Shareholder when no capital gain is included when the shareholder's income tax return is prepared for the year of income in which the Admiralty share consolidation occurs.

The cost base of each post-consolidation Admiralty Share will be the Admiralty shareholder's cost base in their original Admiralty shares (including any appropriate indexation) multiplied by five. To the extent original Admiralty shares were acquired prior to 20 September 1985, the post-consolidation Admiralty shares will continue to be treated as having been acquired prior to that date.

2.2 Non-Resident Admiralty Shareholders

As non-resident Admiralty shareholders are only subject to CGT on Australian real property, no CGT event will arise for non-resident Admiralty shareholders as a result of the Admiralty share consolidation.

Admiralty shareholders who are not resident in Australia for tax purposes should seek their own advice in relation to the taxation consequences of the share consolidation under the taxation laws applicable to them.

Further information on Admiralty Resources NL can be found on our Internet site: www.ady.com.au

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