



ADMIRALTY RESOURCES

Second Quarter Activities Report

Admiralty Resources NL

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CORPORATE

- On 16 November 2010, Admiralty Resources NL (“Admiralty”) completed an agreement with Icarus Derivatives Limited (“Icarus”), for the sale of all the shares in SCM Vallenar Iron Company (“VIC”). The agreement was signed on 1 September 2010 and was subject to several conditions precedent including Admiralty receiving shareholder approval which was obtained at an Extraordinary General Meeting (“EGM”) held on 29 October 2010. Also prior to completion, VIC transferred the mineral concessions in the Southern Region of the Harper Geological District to a wholly owned subsidiary of Admiralty. These transfers have now been registered by the appropriate authorities.

On the date of Completion, Admiralty received the first instalment of US\$1 million which was payable by Icarus. The next instalment of US\$1 million is due to be received in July 2011, with the remaining US\$2 million to be received during 2012.

This agreement with Icarus has resulted in considerable cost reductions whilst allowing Admiralty to maintain significant interests in its Chilean iron ore project through its wholly owned subsidiary, Admiralty Minerals Chile Pty Ltd (Admiralty Minerals).

Further, the transaction will provide recurring cash flow in both the short and longer terms that will allow Admiralty to accelerate the exploration programme and prove further mineral resources in the Southern Region. Once Admiralty moves into production stage the agreement with Icarus provides for commercial synergies for the sale, shipping and export of iron ore production.

- During the quarter, Admiralty successfully completed a consolidation of the Company’s shares on a basis of 1 new share for every 5 shares held. The share consolidation was approved at the Annual General Meeting held on 30 November 2010. The number of shares on issue post-consolidation is 482,170,235.
- A new constitution of the Company was adopted following the approval of a special resolution which was carried at the Annual General Meeting, held on 30 November 2010. Full details of the new constitution can be found at www.ady.com.au

ADMIRALTY MINERALS CHILE PTY LTD – CHILEAN BRANCH OF AN AUSTRALIAN COMPANY

- Prior to the Completion, Admiralty Minerals appointed a legal representative, legal advisors and a mining tenement consultant in Chile to allow a smooth transition following the sale of VIC. The new team has been active in facilitating the transfer of mining tenements and establishing Admiralty Minerals as a foreign branch in Chile. The branch is now formally registered in Chile.

SCM VALLENAR IRON COMPANY (“VIC”) – CHILE

- On 16 November 2010, the transaction with Icarus was completed resulting in control of VIC being passed over to Icarus. During the period up to 16 November 2010, VIC carried several conditions precedent to allow a smooth transition upon change in control. These actions included varying or terminating VIC’s employment contracts.

- Since control of VIC passed to Icarus, VIC has advised that their operations in Chile have proceeded well. VIC has completed a diamond drill program in the Northern region with preliminary data meeting VIC's expectations with regard to iron content and recoverability. The final results of this drill program are still pending. VIC has also been extremely active with regards to the mine design and process design, and their engineers are currently abroad undergoing quality assessment of all the selected mine equipment.

VIC's CEO, Campbell Olsen, notes "We have been very encouraged that the market in Chile has been very open and supportive of the VIC project. We currently aim to have the first shipment on the water this calendar year and are confident, barring any major set backs, of achieving this milestone."

BULMAN RESOURCES PTY LTD ("BULMAN RESOURCES") - NORTHERN TERRITORY

- During the quarter, independent geological consultants Geos Mining completed a reconnaissance geochemical sampling programme. Results of particular interest were obtained from a new prospect termed 'Ripple Hill' which is located approximately 12 kilometres to the north west of previous drilling and close to the Bulman Fault (Figure 1).

Encouraging rock chip assays were returned from selected samples and the XRF analyser also provided positive readings. Although the XRF analyser values are indicative only, the combined geochemical signature with the highly anomalous zinc assays is very encouraging and indicates that the area is prospective for primary lead-zinc mineralisation, as observed at McArthur River.

Geos Mining have noted this is a significant discovery and recommended that Bulman Resources follow up this programme with further geochemical sampling at Ripple Hill and surrounding areas, and to carry out an airborne electro magnetic survey over prospective parts of the project area to detect buried lead-zinc deposits beneath the surface cover. The Company is currently considering this recommendation.

Yours sincerely,



Stephen Prior
Executive Director

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

Australia

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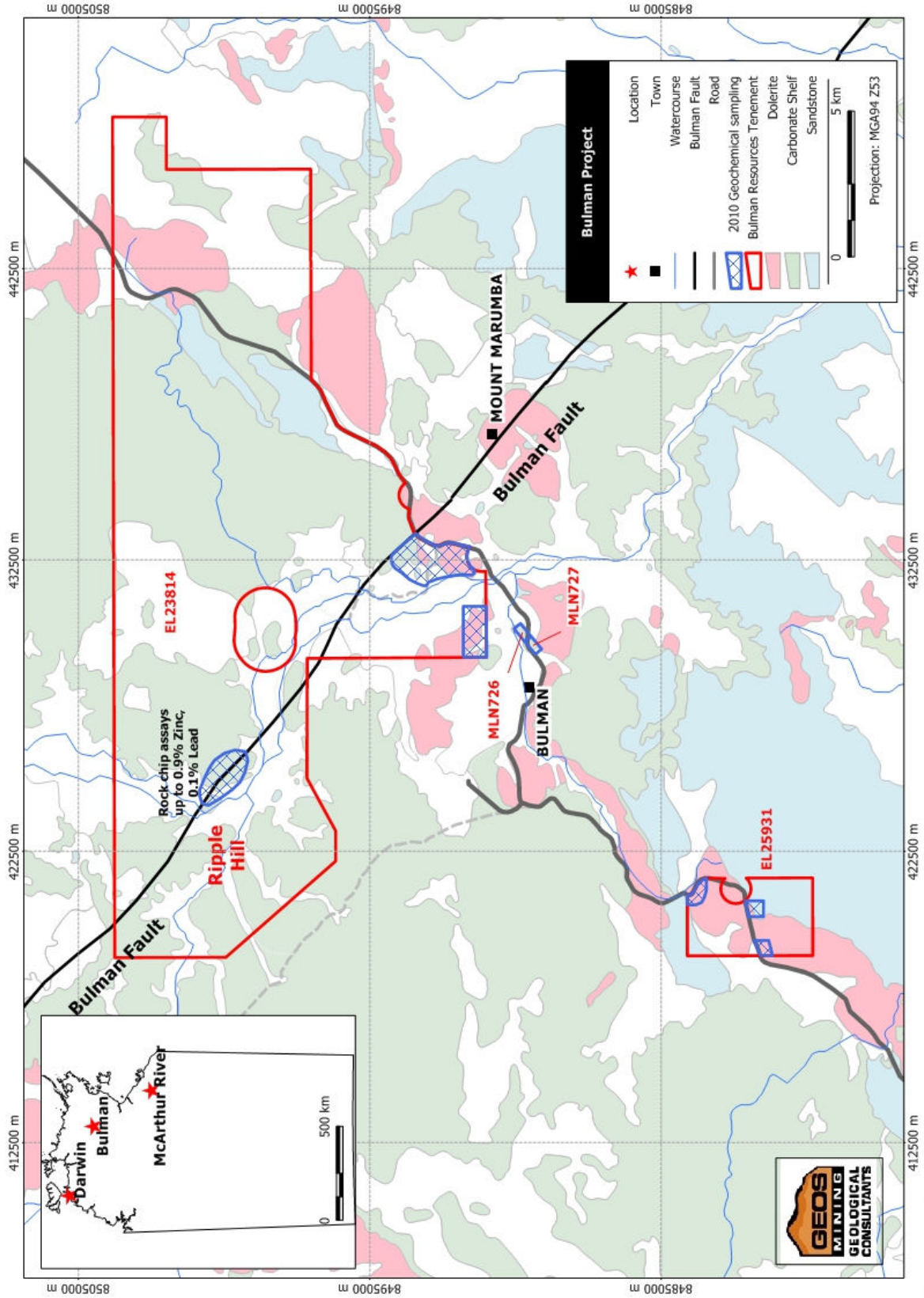


Figure 1 : Bulman Project - work areas and new prospect.