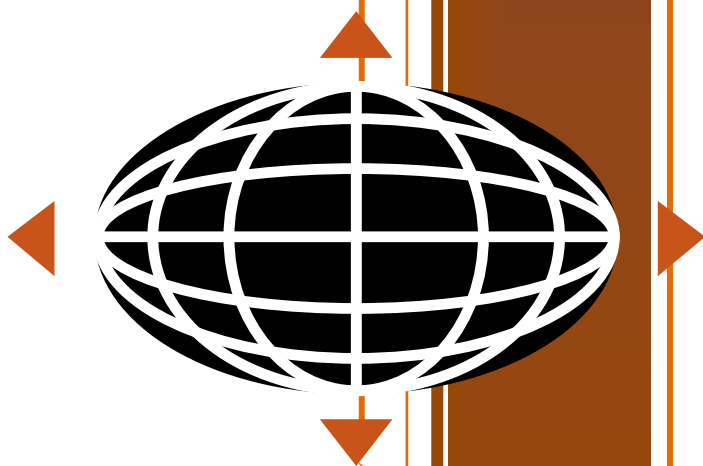


ADMIRALTY RESOURCES NL
ABN 74 010 195 972

Interim Financial Report
Half Year Ended 31 December 2010



ADMIRALTY RESOURCES

ADMIRALTY RESOURCES

CORPORATE DETAILS

Directors:

Professor J. Ross Harper	Chairman
Mr Stephen Charles Prior	Executive Director
Mr Michael Stephen Perry	Non-executive Director

Secretary:

Patrick Rossi

Share Registry:

Computershare Investor Services Pty Limited
117 Victoria Street
West End, Queensland, 4001, Australia

Registered Office:

C/- Prior & Co. Pty. Ltd.
Level 16, 379 Collins Street
Melbourne, Victoria, 3000, Australia

Securities Quoted:

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

American Depositary Receipt Program (ADR)
Code: ARYRY (OTCBB)

Principal Place of Business:

Level 16, 379 Collins Street
Melbourne, Victoria, 3000, Australia

Tel.: + 61 3 9620 7144

Fax.: + 61 3 8677 6949

Email: investors@ady.com.au

Postal Address:

GPO Box 517
Melbourne, Victoria, 3001, Australia

Website:

www.ady.com.au

Auditors:

PKF Chartered Accountants
Level 14, 140 William Street
Melbourne, Victoria, 3000, Australia

Lawyers:

Hall & Wilcox	Noguera, Larrain & Dulanto
Level 30, 600 Bourke Street	Abogados
Melbourne, Victoria, 3000	El Golf, 40
Australia	Las Condes, Santiago
	Chile

Bankers:

Westpac Banking Corporation
447 Bourke Street
Melbourne, Victoria, 3000, Australia

Admiralty Resources NL's Group Structure

Admiralty Resources NL (ACN 010 195 972) has the following subsidiaries:

- Admiralty Minerals Chile Pty Ltd (formerly Five Star Resources Pty Ltd) (which owns the mining concessions in Chile and is a legally recognised agency in Chile "Agencia en Chile")
- Bulman Resources Pty Ltd (which explores in the Northern Territory)
- Pyke Hill Resources Pty Ltd (which has a 50% joint venture with Richfile and has a mining and production Royalty Agreement with Cougar Metals NL)
- ADY Investments Pty Ltd (currently inactive)
- Inversiones Admiralty Resources Chile Ltda (currently being wound-up)
- Fortune Global Holdings Corporation (currently being wound-up)

DIRECTORS' REPORT

for the half year ended 31 December 2010

The Directors of Admiralty Resources NL ("Admiralty" or "Company") submit herewith the financial report of the Company for the half year ended 31 December 2010. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

The names of the Directors of Admiralty Resources NL in office at any time during or since the end of the period are:

Professor J. Ross Harper	Chairman
Stephen Charles Prior	Executive Director
Michael Stephen Perry	Non-executive Director

COMPANY SECRETARY

Patrick Rossi

REVIEW OF OPERATIONS

PRINCIPAL ACTIVITIES

The Consolidated Entity's principal activity in the course of the financial year was the exploration and development of economic mineral deposits.

OPERATING RESULTS

The operating profit after tax attributable to members of the parent entity for the half year ended 31 December 2010 was \$14,941,242 (2009: \$850,057).

ABOUT ADMIRALTY

Admiralty Resources NL is an Australian ASX listed company with mining interests in Chile and Australia. A wholly owned subsidiary of Admiralty is the holder of 32 mineral exploration and exploitation concessions within the Chilean iron ore belt in the Third, or Atacama Region of Chile.

The Consolidated Entity also fully owns the Bulman project, a lead and zinc exploration concession located in the Northern Territory of Australia and has a 50% interest in the nickel and cobalt Pyke Hill project near Leonora in Western Australia. The Pyke Hill mining lease is currently leased to Cougar Metals NL ("Cougar"), which holds the mining rights to the tenement and has identified prospects of high grade nickel and cobalt.



Corporate Structure of the Consolidated Entity.

DIRECTORS' REPORT

for the half year ended 31 December 2010 (Continued)

CHILE

General

The 32 mineral exploration and exploitation concessions covering approximately 6,700 hectares are located within the Chilean iron belt in the Atacama Desert at an altitude of 380 metres above sea level and 10 kilometres south from the city of Vallenar in the Third Region of Chile.

The mineral concessions are owned by Admiralty's subsidiary Admiralty Minerals Chile Pty Ltd ("AMC") and they are nestled in the Chilean iron belt, between the largest iron ore mines in Chile: El Algarrobo and El Tofo, owned by Compañía Minera del Pacífico ("CMP"). AMC has established a legal agency in Chile ("Agencia en Chile")

The tenements are in a prime location from the infrastructure point of view: 2.5 kilometres away from the Pan American Highway, 7.5 kilometres from a railway transportation service privately owned by Ferronor S.A., 60 kilometres from the Port of Huasco and between the cities of Copiapó and La Serena, communicated by regular air services with Santiago.

The above mentioned infrastructure places AMC in a position that can have a very positive impact on the mine development, construction and operating costs.

Important changes during the period

During the half year ended 31 December 2010, the shareholders of Admiralty Resources NL voted in favour of the sale of Admiralty's Chilean subsidiary, Sociedad Contractual Minera Vallenar Iron Company ("VIC"), to Icarus Derivatives Ltd ("Icarus").

The Icarus transaction included the division of the Harper Geological District in two similar halves: the Northern Region and the Southern Region with the Southern Region remaining under the control of Consolidated Entity. Admiralty also secured cash payments from Icarus of US\$4m spread across two years and a long-term royalty stream on all production from the tenements in the Northern Region.

Additionally, the agreement with Icarus provides for commercial synergies for the sale, shipping and export of iron ore production. Under the agreement, VIC is required to grant AMC the right, on reasonable commercial terms, to use the port at Punta Alcalde, when constructed, to ship its own product. Also, Icarus has agreed to procure VIC to enter into a put and call supply agreement with AMC, whereby any final product produced by AMC in the future can be sold to VIC.

Prior to completion of the agreement with Icarus, Admiralty appointed a legal representative, legal advisors and a mining tenement consultant in Chile and transferred the mineral concessions excluded from the agreement with Icarus to Inversiones Admiralty Resources Chile Ltda ("Inversiones"), another Chilean subsidiary of Admiralty. Inversiones holds the concessions for AMC in an interim step to allow the completion of the transaction with Icarus and ensured Admiralty had full control over the tenements while AMC was established its Agencia en Chile. The tenements are currently in the process of being legally transferred to AMC, and once this process is completed, Inversiones will be wound up.

The new structure, which departs from the previous setup as a full service organisation ready for mobilisation as a mining company, will significantly reduce operational overheads and allow the company to focus on exploration activities to unlock value for shareholders. AMC will use specialist geological consultants for all exploration performed in both Chile and Australia.



DIRECTORS' REPORT for the half year ended 31 December 2010 (Continued)

Mineral Tenure and Exploration

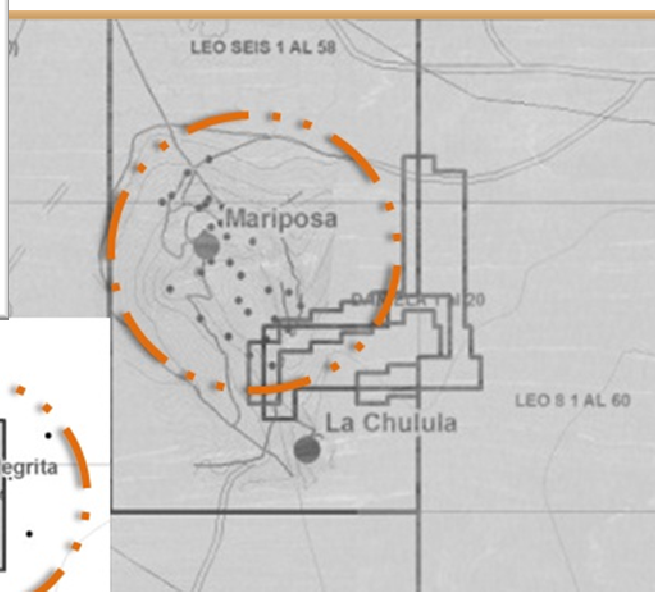
AMC's mineral concessions are grouped into the following projects:

The Southern Region of the Harper Ore Bodies, covering over 3,100 hectares, which includes Mariposa, Soberana and Negrita.



MARIPOSA

Drilling conducted to date in Mariposa indicates that there are iron veins similar to those found in Los Colorados iron mine, owned by CMP.



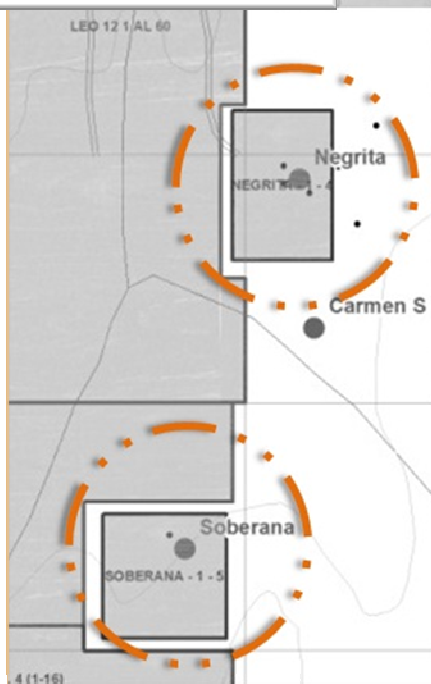
NEGRITA

Aeromagnetic surveys and exploratory drilling have been conducted in Negrita but its potential remains untested.

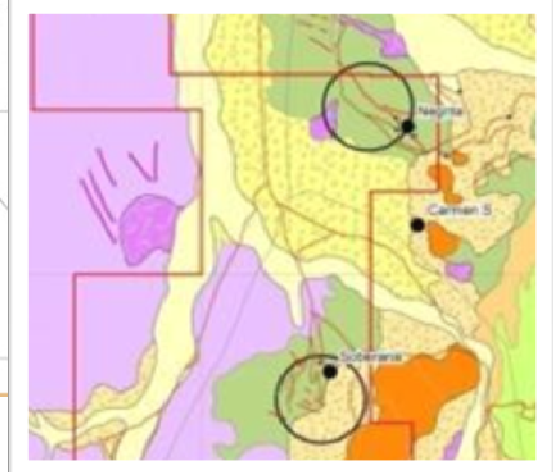
SOBERANA

Soberana was exploited in an artisanal manner in the 1960's and yielded final product averaging 64% Fe at 40-50 metres depth.

The picture with grey background shows the three group of tenements in the Southern Region.



The pictures in colour show the new prospective areas of interest detected by the geomagnetic survey conducted in 2010.



During the half year ended 31 December 2010, an exploration programme consisting of a ground magnetic and gravity surveys to detect and delineate additional anomalies was concluded. The combined geological and geophysical results of the programme permitted the interpretation of a number of anomalous areas and of these, Geos Mining has identified five new areas of interest located in the Southern Region. The Company plans to conduct further geophysical modelling to determine anomaly source, location and depth, followed by reverse circulation drilling of the most prospective targets.

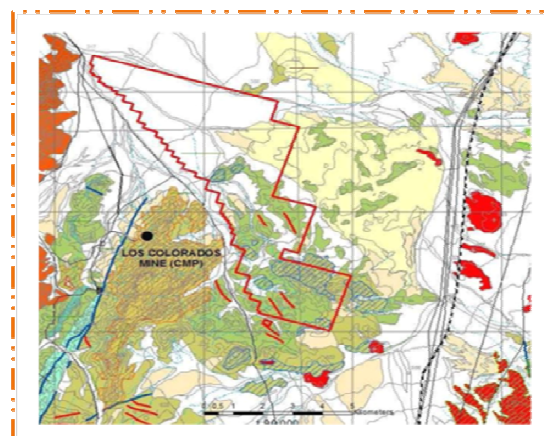
DIRECTORS' REPORT

for the half year ended 31 December 2010 (Continued)

Mineral Tenure and Exploration (Continued)

The Pampa Tololo Iron Prospect, covering approximately 3,455 hectares and located 33 kilometres north of Vallenar, adjacent to Los Colorados, the largest producing iron ore mine in Chile, owned by CMP.

Leo Sur, covering approximately 200 hectares and located south-west of the Harper ore bodies.



Location map of the Pampa Tololo Iron Prospect

Mineral Resources – Southern Region of the Harper Ore Bodies

Several geological exploration programmes have been executed in the Southern Region of the Harper Ore Bodies by the internal geological department of the former holder of the tenements, VIC, and by SRK Consulting Chile S.A. These geological exploration programmes include greenfield and brownfield exploration works, geophysics, rock chip sampling, trench sampling, aircore drilling and JORC¹ compliant mineral resource estimation.

The Mariposa drilling programmes conducted between 2005 and 2007 totalled 5,588 metres of reverse circulation drilling. The results of the drilling data were used by SRK Consulting Chile to prepare geological modelling and estimate the mineral resource at the Mariposa Iron Prospect.

To date, the Company has released to the market a JORC¹ compliant mineral resource estimation for Mariposa amounting to 168 million tonnes at a cut-off grade of 10% (per the announcement to the ASX on 4th September 2009).

Ore Body	Measured Resources	Indicated Resources	Inferred Resources	Total Resources	Iron Grade
Mariposa	-	70.289	98.119	168.408	18.0%

**Results are expressed in million tonnes*

Current State of Affairs

The half year ended 31 December 2010 was a pivotal period of transition for Admiralty Resources NL. The period saw the Company complete a transaction with Icarus Derivatives Ltd (“Icarus”) for the sale of Sociedad Contractual Minera Vallenar Iron Company (“VIC”) which was a result of joint venture negotiations with several parties over an extended period of time. This transaction stabilised Admiralty in the short term by significantly reducing operating costs while providing an immediate cash injection of US\$1 million with further payments of US\$3 million to be received before November 2012. Further, the transaction allowed the Company to participate in the long-term success of VIC via the payment of a royalty stream on production.

The Company is currently poised to take advantage of its revitalized and streamlined operational structure in the coming year. The Company intends to escalate its exploration activities which had been slowed by the previously high operating and working capital costs.

The Company plans to capitalise on encouraging results obtained from the exploration programme completed during the half year ended 31 December 2010, by launching an extensive drilling campaign. The drilling campaign will focus on defining a JORC¹ compliant resource at the existing prospects of Soberana, Negrita and the several new exploration targets identified, as well as aiming to expand the current indicated and inferred resource at the Mariposa prospect.

The Company intends to use funds derived from the transaction with Icarus to further explore the Southern Region of the Harper Ore Bodies and the Pampa Tololo prospect. Rather than passively waiting for those funds, the Company is seeking to raise capital via a Share Purchase Plan as detailed under the section “Matters Subsequent to Half Year’s End”.

¹ JORC stands for Joint Ore Reserve Committee

for the half year ended 31 December 2010 (Continued)

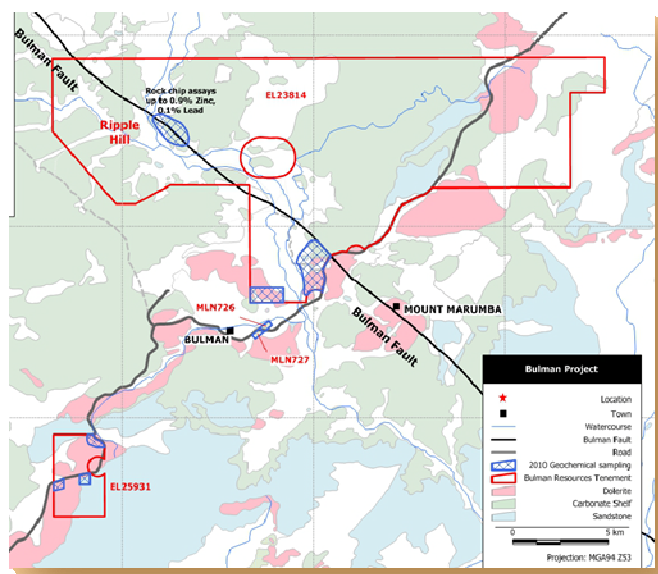
AUSTRALIA

Bulman Project – Northern Territory

The Bulman Project is a zinc and lead oxide exploration concession located near the Bulman Aboriginal community in southern Arnhem Land, approximately 320 kilometres north east of Katherine, in Australia's Northern Territory and owned by Bulman Resources Pty Ltd ("Bulman Resources"), a wholly owned subsidiary of Admiralty. This project consists of two granted mineral leases (MLN 726 and 727) and two exploration licences (EL 23814 and 25931).

Exploration

During the period, Bulman Resources commissioned independent Geological consultants, Geos Mining, to complete a reconnaissance geochemical sampling programme which was tailored to the findings of a conceptual economic model study completed earlier in the period. The programme identified a new prospect termed 'Ripple Hill' which returned rock chip assays of up to 8960 ppm² from selected samples and the XRF analyser gave readings of up to 1000 ppm² lead. Although, the XRF analyser values are indicative only, the combined geochemical signature with the highly anomalous zinc assays is very encouraging and is the first significant discovery outside of the historical mining areas.



Bulman Project: Working areas and newly found prospect. Ripple Hill

Pyke Hill Project – Western Australia



Location of Mining Lease M39/159 in the Leonora Council

The Pyke Hill Project in Western Australia comprises a single granted Mining Lease which covers an area of 5.37km². The project is located approximately 40km southeast of the Murrin Murrin nickel joint venture (60% owned by Minara Resources Limited) and is considered prospective for a high grade nickel laterite deposit.

Admiralty has a 50% holding in the mining lease which it has currently leased to Cougar Metals NL (“Cougar”). Under the agreement, Admiralty would receive 20 cents per tonne of nickel ore run of the mine.

Cougar has conducted a series of aircore drilling programs over the years and has reported the presence of continuous high-grade zones of lateritic nickel-cobalt mineralisation at the Pyke Hill Project. Cougar is now focussed on options for the possible development of this resource and to this end, discussions have been held with several interested third parties, without any acceptable proposals being received to date. Cougar continues to look at all possibilities to advance the project.

² ppm stands for parts per million.

DIRECTORS' REPORT

for the half year ended 31 December 2010 (*Continued*)

CORPORATE

Capital Raising

Admiralty issued 99,692,546 shares at 0.64c to clients of Lodge Partners Pty Ltd totalling \$638,032 before capital raising costs in September 2010. The funds raised were used to finance working capital requirements.

Capital Restructure

During the period, Admiralty completed the consolidation of the Company's shares on a basis of 1 new share for every 5 shares held. The consolidation was approved by shareholders at its Annual General Meeting which was held on 30 November 2010. The number of shares on issue post-consolidation is 482,170,235.

DIVIDENDS RECOMMENDED OR PAID

No dividends were paid during the half-year, nor are any recommended as at 31 December 2010.

MATTERS SUBSEQUENT TO HALF YEAR'S END

Share Purchase Plan

Subsequent to year end, Admiralty Resources NL announced it will be raising capital via a Share Purchase Plan (SPP). Each eligible shareholder can purchase up to \$15,000 of shares at an issue price of the lower of 3.3c or the volume-weighted average price (VWAP) of ADY shares traded between 4 April and 8 April 2011 (inclusive). The SPP is scheduled to close on 1 April 2011 with the new shares expected to be allotted on 11 April 2011.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 8.

Signed in accordance with a resolution of the directors made pursuant to s 306(3) of the Corporations Act 2001 on 11 March 2011.

On behalf of the Directors,



Stephen Charles Prior

Executive Director

11 March 2011

AUDITOR'S INDEPENDENCE DECLARATION



Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Admiralty Resources NL for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Admiralty Resources NL and the entities it controlled during the period.

R A Dean
Partner
PKF

11 March 2011
Melbourne

Tel: 61 3 9603 1700 | Fax: 61 3 9602 3870 | www.pkf.com.au
PKF | ABN 83 236 985 726
Level 14, 140 William Street | Melbourne | Victoria 3000 | Australia
GPO Box 5099 | Melbourne | Victoria 3001

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AUDITOR'S INDEPENDENT REVIEW REPORT

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ADMIRALTY RESOURCES NL



Chartered Accountants
& Business Advisers

Report on the Half-Year Financial Report

We have reviewed the accompanying consolidated half-year financial report of Admiralty Resources NL, which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and 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. The consolidated entity comprises Admiralty Resources NL (the company) and the entities it controlled at 31 December 2010 or from time to time during the half-year ended on that date.

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 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 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 2010 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 Resource 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*.

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 2010 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*.

Tel: 61 3 9603 1700 | Fax: 61 3 9602 3870 | www.pkf.com.au

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AUDITOR'S INDEPENDENT REVIEW REPORT (Continued)

INDEPENDENT AUDITOR'S REVIEW REPORT (CONT'D) TO THE MEMBERS OF ADMIRALTY RESOURCES NL



Chartered Accountants
& Business Advisers

Emphasis of Matter – Material Uncertainty Regarding Continuation As a Going Concern

Without qualifying our conclusion, we draw attention to Note 1(d) "Going Concern" in the financial report, which indicates that the consolidated entity incurred a net loss from continuing operations of \$1,807,440 for the half-year ended 31 December 2010 and had net cash outflows from operating activities amounting to \$2,039,182. These conditions, along with other matters set out in Note 1(d) give rise to a material uncertainty which may cast significant doubt about the ability of the consolidated entity to continue as a going concern, and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

A handwritten signature in black ink that reads 'PKF'.

PKF

11 March 2011
Melbourne

A handwritten signature in black ink, appearing to read 'R A Dean'.

R A Dean
Partner

DIRECTORS' DECLARATION

In the opinion of the directors of Admiralty Resources NL ('the Company')

1. The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including;
 - (a) Giving a true and fair view of the financial position of the consolidated entity as at 31 December 2010 and its performance for the six month period ended on that date; and
 - (b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Directors,



Stephen Charles Prior

Executive Director

11 March 2011

STATEMENT OF COMPREHENSIVE INCOME

for the half year ended 31 December 2010

		Consolidated Half-year ended	
	Note	31 DECEMBER 2010 \$	31 DECEMBER 2009 \$
REVENUES			
Operating revenue		-	54,270
Other income		4,309	242,292
		4,309	296,562
EXPENSES			
Depreciation expense		(1,192)	(39,011)
Employee costs		(239,989)	-
Consultancy and professional expenses		(590,726)	(565,724)
Operational and mining expenses		(73,997)	(43,784)
Occupancy expenses		(68,523)	(25,245)
Travel expenses		(32,423)	(16,244)
Finance costs		(2,336)	(160,599)
Administration expenses		(686,150)	(480,369)
Loss on foreign exchange translation		(116,413)	-
		(1,811,749)	(1,330,976)
LOSS BEFORE INCOME TAX		(1,807,440)	(1,034,414)
Income tax benefit		-	267
LOSS FROM CONTINUING OPERATIONS AFTER INCOME TAX		(1,807,440)	(1,034,147)
Profit from discontinuing operations	2	16,748,682	1,884,204
PROFIT FOR THE PERIOD		14,941,242	850,057
OTHER COMPREHENSIVE INCOME			
Exchange differences arising in translation of foreign operations		(8,701,594)	(233,072)
Income tax on other comprehensive income		-	-
OTHER COMPREHENSIVE LOSS NET OF TAXES		(8,701,594)	(233,072)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		6,239,648	616,985
 PROFIT FOR THE PERIOD IS ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		14,941,242	850,057
 TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		6,239,648	616,985
 BASIC AND DILUTED EARNINGS PER SHARE (CENTS PER SHARE) ATTRIBUTABLE TO MEMBERS OF THE PARENT		3.15	0.24
 BASIC AND DILUTED EARNINGS PER SHARE (CENTS PER SHARE) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		(0.38)	(0.30)

The above Statement of Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements on pages 16 to 20.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION **As at 31 December 2010**

		Consolidated As at	
	Note	31 DECEMBER 2010 \$	30 JUNE 2010 \$
CURRENT ASSETS			
Cash and cash equivalents		502,398	1,265,227
Trade and other receivables		422,488	1,119,541
Other financial assets		984,100	3,600
Inventories		-	3,874,304
Other assets		-	35,305
TOTAL CURRENT ASSETS		1,908,986	6,297,977
NON-CURRENT ASSETS			
Property, plant and equipment		11,526	1,488,721
Mining interests		15,321,691	38,483,602
Other financial assets	2	1,560,912	-
Contractual royalty rights	2	29,373,250	-
Other assets		22,148	650,708
TOTAL NON-CURRENT ASSETS		46,289,527	40,623,031
TOTAL ASSETS		48,198,513	46,921,008
CURRENT LIABILITIES			
Trade and other payables		680,991	2,059,028
TOTAL CURRENT LIABILITIES		680,991	2,059,028
NON-CURRENT LIABILITIES			
Trade and other payables		-	2,760,061
Provision for make-good of mining tenements		-	1,417,943
TOTAL NON-CURRENT LIABILITIES		-	4,178,004
TOTAL LIABILITIES		680,991	6,237,032
NET ASSETS		47,517,522	40,683,976
EQUITY			
Contributed equity	3	129,883,722	129,289,824
Foreign currency translation reserve		(167,459)	8,534,135
Accumulated losses		(82,198,741)	(97,139,983)
TOTAL EQUITY		47,517,522	40,683,976

The above Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements on pages 16 to 20.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the half year ended 31 December 2010

31 December 2010	Contributed Equity	Foreign Currency Translation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2010	129,289,824	8,534,135	(97,139,983)	40,683,976
<u>Add:</u>				
Issue of share capital net of costs	593,898	-	-	593,898
Profit for the period	-	-	14,941,242	14,941,242
<u>Other Comprehensive Income:</u>				
Foreign currency translation reserve	-	(8,701,594)	-	(8,701,594)
Total equity at the end of the half-year	129,883,722	(167,459)	(82,198,741)	47,517,522

31 December 2009	Contributed Equity	Foreign Currency Translation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2009	116,394,128	9,058,801	(95,473,755)	29,979,174
<u>Add:</u>				
Issue of share capital net of costs	11,058,096	-	-	11,058,096
Adjustment in equity – Fair value of share-based payments	(40,000)	-	-	(40,000)
Profit for the period	-	-	850,057	850,057
<u>Other Comprehensive Income:</u>				
Foreign currency translation reserve	-	(233,072)	-	(233,072)
Total equity at the end of the half-year	127,412,224	8,825,729	(94,623,698)	41,614,255

The above Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements on pages 16 to 20.

CONSOLIDATED STATEMENT OF CASH FLOWS for the half year ended 31 December 2010

	Consolidated Half-year ended	
	31 DECEMBER 2010	31 DECEMBER 2009
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of iron ore and stockpiles	2,137	533,234
Payments to suppliers and employees	(2,044,195)	(4,212,169)
Interest received	2,876	3,946
Interest and other costs of finance paid	-	(154,443)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(2,039,182)	(3,829,432)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of plant and equipment	-	753,009
Payment for mining properties & exploration interests	-	(78,446)
Purchase of fixed assets	(926)	(67,591)
Proceeds from sale of VIC	1,023,951	-
Proceeds from sale of shares	5,640	-
Payment of costs to be reimbursed	(335,377)	-
Payments for 40% investment in VIC	-	(1,725,868)
NET CASH FLOWS (USED IN)/PROVIDED BY INVESTING ACTIVITIES	693,288	(1,118,896)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issues of equity securities	593,898	7,481,155
Proceeds from borrowings	200,000	250,000
Repayment of borrowings	(200,000)	(2,922,747)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	593,898	4,808,408
NET INCREASE/(DECREASE) IN CASH HELD	(751,996)	(139,920)
Cash at beginning of the half-year	1,265,227	1,071,482
Foreign exchange adjustment	(10,833)	(17,461)
CASH AT THE END OF THE HALF YEAR	502,398	914,101

The above Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements on pages 16 to 20.

NOTES TO THE FINANCIAL STATEMENTS for the half year ended 31 December 2010

NOTE 1 BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Admiralty Resources NL as at 30 June 2010.

It is also recommended that the half-year financial report be considered together with any public announcements made by Admiralty Resources NL during the half-year ended 31 December 2010 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis.

(b) Significant Accounting Policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2010.

Contractual Royalty Rights.

The half year report includes non-current assets relating to contractual royalty rights to the amount of \$29,373,250. These rights represent the value of the royalties due under an agreement with SCM Vallenar Iron Company. The royalties are due on all production of iron ore fines produced by VIC from the northern region of the Harper Geological District. As a result, the royalty rights will be amortised using a method based on the production of iron ore fines.

(c) Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of Admiralty Resources NL and its subsidiaries ("the Group").

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2010 (*Continued*)

NOTE 1 BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (*Continued*)

(d) Going Concern

For the half year ended 31 December 2010 the consolidated entity incurred a net loss from continuing operations of \$1,807,440, and negative cash flow from operating activities of \$2,039,182. Furthermore, the consolidated entity does not have a source of income and is reliant on equity capital or loans from third parties to meet its operating costs. These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern.

The ability of the consolidated entity to continue as a going concern is dependent upon a number of factors, one being the provision of equity funding by external sources. The financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business.

To this end, the consolidated entity is expecting to fund ongoing obligations as follows:

- In July 2011, the consolidated entity will receive the next instalment of US\$1 million from the sale of VIC with a further US\$2 million to be received during 2012.
- The consolidated entity will also receive a long-term royalty on all iron ore extracted by VIC from the Northern Region of the Harper Geological District. It is anticipated the first royalty payments will be received before the end of 2011.
- Subsequent to year end, Admiralty Resources NL announced it will be raising capital via a Share Purchase Plan (SPP). Under the SPP, existing shareholders will be able to purchase up to \$15,000 of shares. Further details of the SPP are contained in Note 5.
- Notwithstanding, the consolidated entity has the ability to scale down operations and discontinue certain programmes should the need arise.

The Directors have prepared cash flow forecasts that indicate that the consolidated entity will have sufficient cash to meet all of its expenses for the next 12 months. Based on the cash flow forecasts and the additional funding highlighted above, the directors are satisfied that, the going concern basis of preparation is appropriate. The financial report has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities and appropriate disclosures that may be necessary should the consolidated entity be unable to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2010 (Continued)

NOTE 2 DISPOSAL OF ASSETS

Details of the sale of SCM Vallenar Iron Company which was disposed of on 16 November 2010 are as follows:

	Period ended 31 December 2010 \$	Period ended 31 December 2009 \$
Consideration received or receivable:		
Cash consideration received	1,029,000	-
Deferred purchase consideration – Current *	1,013,400	-
Deferred purchase consideration – Non-current *	1,607,773	-
Contractual royalty rights	29,373,250	-
	<u>33,023,423</u>	<u>-</u>
The carrying amount of assets and liabilities at the time of disposal:		
Cash and cash equivalents	5,049	-
Inventory	3,682,202	-
Mining Interests	21,592,201	-
Fixed Assets	1,277,530	-
Guarantees	599,946	-
Other assets	930,235	-
Total assets disposed	<u>28,087,163</u>	<u>-</u>
Other liabilities	(2,704,214)	-
Accruals & provisions	(1,514,128)	-
Total liabilities disposed	<u>(4,218,342)</u>	<u>-</u>
Net assets disposed	<u>23,868,821</u>	<u>-</u>
Gain on disposal of discontinuing operations	<u>9,154,602</u>	<u>-</u>

	Period ended 31 December 2010 \$	Period ended 31 December 2009 \$
Profit from discontinuing operations		
Gain on disposal	9,154,602	-
Other revenue	127,341	1,004,061
Operational expenses	(265,874)	(283,343)
Employee benefit expense	(764,846)	(2,828,708)
Depreciation	(33,047)	(233,382)
Allowance for loss on onerous contract	-	5,403,382
Reserves realised on disposal	8,832,581	-
Other expenses	(302,075)	(1,177,806)
Profit from discontinuing operations	<u>16,748,682</u>	<u>1,884,204</u>

* The value of these receivables at 31 December 2010 has changed due to foreign exchange movements.

NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2010 *(Continued)*

NOTE 3 ISSUE OF EQUITY SECURITIES

Movements in issued and fully paid up ordinary shares of the company during the half year were as follows:

Details	Number of Shares	Average Issue Price \$	Value \$
Opening Balance	2,311,155,977		129,289,824
Issue of shares net of costs (i)	99,692,546	0.0064	593,898
Share consolidation (ii)	(1,928,678,288)	-	-
Closing Balance	428,170,235		129,883,722

(i) Share issue costs amounted to \$44,134.

(ii) A share consolidation was completed during the period on a basis of 1 new share for every 5 shares held.

NOTE 4 CONTINGENT LIABILITIES

The Company included in the notes to the 30 June 2010 accounts a comment that a contingent liability may exist for potential losses under an unfavourable CFR contract entered into during 2006. It is management's view that this potential contingency will not result in a liability to the Company or Consolidated Entity.

NOTE 5 SIGNIFICANT AFTER BALANCE DATE EVENTS

Subsequent to year end, Admiralty Resources NL announced it will be raising capital via a Share Purchase Plan (SPP). Each eligible shareholder can purchase up to \$15,000 of shares at an issue price of the lower of 3.3c or the volume-weighted average price (VWAP) of ADY shares traded between 4 April and 8 April 2011 (inclusive). The SPP is scheduled to close on 1 April 2011 with the new shares expected to be allotted on 11 April 2011.

NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2010 (*Continued*)

NOTE 6 SEGMENT INFORMATION

Primary reporting – Geographical segments

The Consolidated Entity currently operates in two geographical locations: Australia and Chile. The Consolidated Entity reports its segment information to the Board of Directors on the same basis as its internal management reporting structure; which drives how the Consolidated Entity is organised and managed. The financial performance of segments is measured as operating profit before tax.

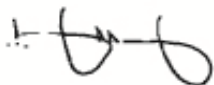
	Half-year ended					
	Australia		Chile		Consolidated Entity	
	31 December 2010 \$	31 December 2009 \$	31 December 2010 \$	31 December 2009 \$	31 December 2010 \$	31 December 2009 \$
Revenue						
External revenue	4,039	244,923	-	1,055,700	4,039	1,300,623
Total revenue from continuing activities	4,039	244,923	-	51,639	4,039	296,562
Total revenue from discontinued operations	-	-	16,748,682	1,004,061	16,748,682	1,004,061
Result						
Segment result	(1,211,575)	(844,452)	16,152,817	1,694,242	14,941,242	849,790
Operating loss before income tax	(1,211,575)	(844,452)	16,152,817	1,694,242	14,941,242	849,790
	Balance as at					
	31 December 2010 \$	30 June 2010 \$	31 December 2010 \$	30 June 2010 \$	31 December 2010 \$	30 June 2010 \$
Asset						
Segment Assets	3,448,888	704,414	44,749,625	46,216,594	48,198,513	46,921,008
Liabilities						
Segment liabilities	(188,573)	(154,816)	(492,418)	(6,082,216)	(680,991)	(6,237,032)

APPENDIX

COMPETENT PERSON STATEMENT – Chilean Iron Ore Project*

The information in this report that relates to Exploration Results and Mineral Resources of the Japonesa iron mine and for the Japonesa, Primavera, Mariposa and Mirador iron deposits is based on information compiled by Mr. George G. Even, who is a Member of the Australasian Institute of Mining & Metallurgy. Mr. Ernesto Jaramillo, Principal Resource Geologist with SRK Consulting (Chile) S.A., performed the resource estimation which was reviewed by Mr. Even as a competent person. Mr. Even is a full-time employee of SRK Consulting (Chile) S.A.

Mr. Even, a Qualified Person for JORC compliant statements, reviewed the technical information presented in this document. Mr. Even has sufficient experience that is relevant to the style of mineralisation and type of mineral deposit under consideration and to the activity which was undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results and Mineral Resources'. Mr. Even consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



Ernesto Jaramillo
Principal Resource Geologist
SRK Consulting, Chile



George Even
MAIG, MAusIMM
Principal Resource Geologist
SRK Consulting, Chile

** At the time when this report was issued, the Admiralty, through its subsidiary in Chile, owned the tenements Japonesa, Japonesa, Primavera, Mariposa and Mirador. The Company disposed of its interest in Japonesa, Japonesa, Primavera and Mirador following the agreement with Icarus Derivatives Ltd in November 2010.*

COMPETENT PERSON STATEMENT – Bulman Project

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves of the Bulman Project is based on information compiled by Jeff Randell, who is a Member of the Australian Institute of Geoscientists. Mr Randell is employed by Geos Mining and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Randell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.