



Offer Letter

Admiralty Resources NL

ACN 010 195 972

Non-renounceable 1 for 4 rights offer to
shareholders to raise up to \$5,847,492

1 Important Notice

It is important that you carefully read this document in its entirety before deciding to invest further in the Company and, in particular, that you consider the risk factors that could affect the financial performance of the Company. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stock broker, lawyer or other professional adviser before deciding whether to invest.

This document is not a prospectus. It does not contain all the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or in respect of the rights and liabilities attaching to, the New Shares.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Rights Offer that is not contained in this document. Any information or representation not contained in this document may not be relied upon as having been authorised by the Company in connection with the Rights Offer. Neither the Company nor any other person warrants the future performance of the Company or any return on any investment made under the Rights Offer, except as required by law and then, only to the extent so required.

In making representations in this document, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

Restrictions on distribution of this document

This document and accompanying Entitlement and Acceptance Form do not, and are not intended to, constitute an offer of New Shares in any place outside of Australia and New Zealand in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of this document and the accompanying Entitlement and Acceptance Form in jurisdictions outside Australia may be restricted by law and persons who come into possession of this document and the accompanying form should seek advice and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws.

The Rights Offer is not extended to, and no New Shares will be issued to, Shareholders having registered addresses outside Australia and New Zealand.

Defined terms and abbreviations

Terms and abbreviations used in this document are defined in the Glossary (see Part 10).

Application for New Shares

If you wish to apply for New Shares, you must complete and return the personalised Entitlement and Acceptance Form which accompanies this document by the Closing Date. If you have not received a personalised Entitlement and Acceptance Form, please contact the Share Registry on 1300 55 22 70 (local call cost within Australia) or +61 7 3237 2100 (outside of Australia).

Privacy disclosure

The Company collects information about each Qualifying Shareholder provided on the Entitlement and Acceptance Form for the purpose of processing Entitlement and Acceptance Forms, and, if the Qualifying Shareholder is successful, to administer the Qualifying Shareholder's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Qualifying Shareholder agrees that the Company may use the information provided on an Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Company's share registry, related bodies corporate, agents, contractors, and third party service providers, including mailing houses and professional advisers, and to the ASX and other regulatory authorities.

The Corporations Act requires the Company to include information about the security holder (including name, address, and details of the securities held) in its public register. The information contained in the Company's public registers must remain there even if that person ceases to be a security holder of the Company. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports, and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information on an Entitlement and Acceptance Form, the Company may not be able to accept or process the form.

A Qualifying Shareholder has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. Access requests must be made in writing to the Company's registered office.

2 Timetable and important dates*

Announcement of Rights Offer and ASX Appendix 3B and Offer Letter lodged with ASX	Friday, 2 October 2009
Cleansing notice lodged with ASX	Monday, 5 October 2009
Despatch of notices to Shareholders informing them of the Rights Offer	Wednesday, 7 October 2009
Ex Date**	Thursday, 8 October 2009
Record Date for determining entitlements of Eligible Shareholders under the Rights Offer	19:00 AEDST, Wednesday, 14 October 2009
Offer letter and Entitlement and Acceptance Forms despatched to Shareholders	Thursday, 15 October 2009
Closing Date for acceptances under the Rights Offer	17:00 AEDST, Thursday, 29 October 2009
New Shares quoted on a deferred settlement basis	Friday, 30 October 2009
Notify ASX of under-subscriptions	Monday, 2 November 2009
Shareholder statements despatched and deferred settlement trading ends	Wednesday, 4 November 2009
Normal trading of New Shares commences	Thursday, 5 November 2009

* These dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act, the ASX Listing Rules and other applicable laws, to vary the dates of the Rights Offer, including extending the Closing Date or accepting late applications, either generally or in particular cases, without notifying you. You are encouraged to submit your application as soon as possible. Any extension of the Closing Date will have a consequential effect on the date of the issue of the New Shares. Neither the Rights Offer nor the Shortfall Offer requires the approval of Shareholders.

** The "Ex Date" is the day on which shares in the Company commence trading without the right to participate in the Rights Offer.

3 Chairman's Letter

Dear Shareholder,

The Board is pleased to offer Shareholders the opportunity to participate in a one (1) for four (4) non-renounceable rights issue of New Shares to raise up to approximately \$5,847,492 (before expenses) (**Rights Offer**).

All Shareholders registered as at 19.00 (AEDST) on Wednesday, 14 October 2009 and who have a registered address in Australia or New Zealand will be entitled to participate in the Rights Offer. The price payable on application for each New Share is \$0.014 (as compared with \$0.02, which was the closing price of Shares on 30 September 2009).

The Closing Date for acceptances of the Rights Offer is 17.00 (AEDST) on Thursday, 29 October 2009.

Shareholders wishing to subscribe for New Shares in excess of their Entitlement are invited to submit an application for New Shares forming part of the Shortfall. Given that the Rights Offer is not underwritten, any New Shares not taken up pursuant to the Rights Offer and the Shortfall Offer will not be issued.

The funds raised from the Rights Offer and the Shortfall Offer will be used to repay existing external debt and provide the Company with additional working capital to enable it to support the activities of its subsidiaries and pursue joint venture opportunities. Further information regarding the use of the funds raised under the Rights Offer and Shortfall Offer is set out in part 6 of this document.

The Board takes this opportunity to thank all Shareholders for their support and looks forward to your continued support in the future.

Yours faithfully,



Professor J. Ross Harper C.B.E.
Chairman of the Board

4 Details of the Rights Offer and Shortfall Offer

The Company is making the Rights Offer to existing Shareholders. For further details in relation to the Rights Offer, please refer to part 4.1 of this document.

In addition to the Rights Offer, Shareholders are invited to subscribe for any New Shares which form part of the Shortfall pursuant to the Shortfall Offer. For further details in relation to the Shortfall Offer, please refer to part 4.2 of this document.

Lodge Corporate Pty Ltd has been appointed as the sponsoring broker in respect of the Rights Offer and the Shortfall Offer and is entitled to receive a sponsoring broker fee equal to 3% (plus GST) of the amount raised by the Company under the Rights Offer, as well as a shortfall placement fee equal to 3% (plus GST) of the amount raised by the Company under the Shortfall Offer.

4.1 Rights Offer

The Company offers for subscription approximately 417,678,004 New Shares pursuant to a pro-rata non-renounceable entitlement issue to Shareholders of one (1) New Share for every four (4) Shares held on the Record Date at an issue price of \$0.014 per New Share.

Fractional Entitlements will be rounded down to the nearest whole number.

Based on the capital structure of the Company, the maximum number of New Shares to be issued pursuant to the Rights Offer is approximately 417,678,004. The Rights Offer will raise approximately \$5,847,492. The purpose of the Rights Offer and the use of funds raised are set out in part 6 of this document.

The Rights Offer is non-renounceable, which means that rights are unable to be traded. Qualifying Shareholders should either take up their Entitlement in whole or in part, otherwise their Entitlement will lapse.

The Rights Offer is not conditional and there is no minimum subscription.

The Rights Offer is not being underwritten.

4.2 Shortfall Offer

The offer of the Shortfall is a separate offer by the Company in accordance with ASX Listing Rule 7.2, Exception 3.

Under the above exception (which is an exception to Listing Rule 7.1, which requires shareholder approval to an issue of securities in excess of 15% of the company's issued share capital), the Company may issue any Shortfall at the Directors' discretion, provided that:

- (a) the price at which New Shares forming part of the Shortfall are issued is not less than the issue price for the New Shares under the Rights Offer; and
- (b) the Shortfall (or any part of it) is issued within 3 months of the Closing Date.

If there is a Shortfall following the Rights Offer, the Board reserves the right to utilise the above exception to Listing Rule 7.1, in which case, the Board may:

- (a) seek bids from institutions and other prospective investors for the Shares comprising the Shortfall; and
- (b) determine the issue price and allot the Shortfall on the basis of those bids.

Qualifying Shareholders may also apply for New Shares forming part of the Shortfall. The Shortfall Offer to Qualifying Shareholders will be made no later than two months following the Rights Offer. The allocation of New Shares forming part of the Shortfall, including as between Qualifying Shareholders and other applicants, will be determined at the sole discretion of the Board.

If you wish to apply for New Shares forming part of the Shortfall, please refer to part 5.2.

4.3 Overseas shareholders

The Rights Offer does not, and is not intended to, constitute an offer of New Shares in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Rights Offer is not being extended and New Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

Shareholders resident in New Zealand should consult their professional advisors as to whether any governmental or other consents are required, or whether other formalities need to be observed, to enable them to exercise their Entitlements under the Rights Offer.

4.4 Quotation of New Shares by ASX

Application for official quotation by ASX of the New Shares will be made within 7 days after the date of this document. The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription.

4.5 Allotment of New Shares

New Shares issued pursuant to the Rights Offer will be allotted as soon as practicable after the Closing Date. The Company will allot the New Shares on the basis of a Shareholder's Entitlement and Acceptance Form. The Shortfall will be allocated and then allotted on the basis set out in part 4.2. Where the number of New Shares issued is less than the number applied for, or where no allotment is made, surplus application money will be refunded, without interest, to the applicant as soon as practicable after the Closing Date.

Pending the allotment and issue of the New Shares, or the payment of any refunds, all application money will be held by the Company in trust for the applicants in a separate bank account as required by the Corporations Act. The Company will be entitled to retain all interest that accrues on the bank account and each applicant waives the right to claim interest.

4.6 Taxation implications

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of applying for New Shares under the Rights Offer, as it is not possible to provide a comprehensive summary of the possible taxation consequences for individual Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences of investing in the Rights Offer. Shareholders should consult their own professional tax adviser in connection with the taxation implications of acquiring New Shares under the Rights Offer.

4.7 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share certificates in respect of New Shares issued under the Rights Offer.

The Company will apply to ASX to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of New Shares can be transferred without having to rely upon paper documentation.

Investors will be provided with a statement that sets out the number of New Shares allotted to them under the Rights Offer. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

4.8 Privacy Act

If you complete and return an Entitlement and Acceptance Form, you will be providing personal information to the Company (directly or through the Share Registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate dividend payments and corporate communications to you as a Shareholder and carry out necessary administration functions.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies (including the Australian Taxation Office), authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or the Share Registry (1300 55 22 70) if you wish to do so.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on your Entitlement and Acceptance Form, the Company may not be able to accept or process your application for New Shares.

4.9 Withdrawal of Rights Offer

The Company reserves the right not to proceed with the Rights Offer at any time before the issue of New Shares to Qualifying Shareholders. If the Rights Offer does not proceed, the Company will return all application money, without interest, as soon as practicable after giving notice of its withdrawal.

4.10 Enquiries

Shareholders with queries in relation to the Rights Offer may contact Maria Vazquez on +61 3 9642 8787.

5 Action required by Shareholders

5.1 How to accept the Rights Offer

Your acceptance of the Rights Offer must be made on the Entitlement and Acceptance Form accompanying this document. Your acceptance under the Rights Offer must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Rights Offer as follows:

- (a) if you wish to accept your Entitlement in full:
 - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
 - (ii) attach your cheque for the amount indicated on that relevant Entitlement and Acceptance Form; or
- (b) if you only wish to accept part of your Entitlement:
 - (i) fill in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque for the appropriate application money (at \$0.014 per New Share); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to “Admiralty Resources NL – Trust Account” and crossed “Not Negotiable”.

Your completed Entitlement and Acceptance Form and cheque must reach the Share Registry no later than 19.00pm (AEDST) on the Closing Date. Alternatively, Applicants may pay via BPAY by following the instructions set out on the Entitlement and Acceptance Form (Applicants should ensure they include their reference number if paying by BPAY).

5.2 Participation in Shortfall Offer

If you wish to take up your Entitlement in full **and** apply for New Shares forming part of the Shortfall, you should complete the part of the accompanying Entitlement and Acceptance Form relating to the Shortfall in accordance with the instructions set out in the form and return it, together with payment for the full amount payable, so that it is received by the Closing Date.

If you do not wish to take up any part of your Entitlement under the Rights Offer, you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall.

5.3 Entitlement and Acceptance Forms are binding

A completed and lodged Entitlement and Acceptance Form, together with the application moneys for the number of New Shares applied for, cannot be withdrawn and constitutes a binding application for the number of New Shares specified in the Entitlement and Acceptance Form on the terms set out in this document. The Entitlement and Acceptance Form does not need to be signed to be binding.

If the Entitlement and Acceptance Form is not completed correctly, the Company, in its absolute discretion, can reject it or treat it as valid. The Company's decision as to whether to accept or reject an Entitlement and Acceptance Form or how to construe, amend or complete it, is final.

6 Purpose of the Rights Offer

The purpose of the Rights Offer is to raise up to approximately \$5,847,492. The proceeds of the Rights Offer and the Shortfall Offer are planned to be used in accordance with the table set out below:

Proceeds of the Rights Offer and Shortfall Offer	\$**
Pay the remaining principal outstanding under the YA Facility, plus all accrued interest	\$2,800,000
Working capital	\$2,747,492
Expenses of the Rights Offer and Shortfall Offer	\$300,000
Total	\$5,847,492

** All amounts are approximations

Approximately A\$2,770,000 in principal and interest is currently due and payable under the YA Facility. The Company has not yet repaid this amount, but instead has advised YA Global Investments that the Company intends pay all outstanding amounts under the YA Facility from the proceeds of the Rights Offer. YA Global Investments has not objected to this proposal. Once this principal amount has been repaid, all outstanding amounts under the YA Facility will have been repaid in full.

7 Effect on capital structure and control

7.1 Capital structure

A comparative table of changes in the capital structure of the Company as a consequence of the Offers is set out below.

	Number
Shares on issue at date of Rights Offer	1,670,712,016
Maximum number of New Shares offered pursuant to the Rights Offer	417,678,004
Total Shares on issue after completion of the Rights Offer*	2,088,390,020

* Assuming all New Shares are fully taken up as part of the Shortfall Offer (if any)

Mr John Anderson, executive director of the Company, holds 1,000,000 options over Shares, however he does not intend to exercise these options in order to participate in the Rights Offer.

7.2 Control

The issue of New Shares pursuant to the Rights Offer and the Shortfall Offer is not expected to have any material effect on the control of the Company.

8 Rights and liabilities attaching to the New Shares

All New Shares issued pursuant to the Rights Offer and the Shortfall Offer will, from the time they are issued, rank pari passu with all the Company's existing Shares.

Full details of the rights and liabilities attaching to New Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

9 Risk factors

The New Shares offered under this Rights Offer are considered a speculative investment, and involve investors being exposed to risk. The Directors strongly recommend potential applicants consult their professional advisers before deciding whether to apply for New Shares pursuant to the Rights Offer.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors.

The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price or value of the New Shares.

The following summary, which is not exhaustive, represents some of the major risk factors of which potential investors need to be aware. Other factors, whilst not specifically referred to below, may in the future materially affect the financial performance of the Company and the value of the New Shares. New Shares offered under the Rights Offer carry no guarantee with respect to the payment of dividends, returns of capital or the market value of the New Shares.

Unless otherwise indicated by the context, the references to the Company in this section include the Company's subsidiaries (and Vallenar in particular).

Potential investors should consider that an investment in New Shares is speculative and should consult their professional advisers before deciding whether to apply under the Rights Offer.

9.1 Risks specific to the Company and its industry

Exploration, evaluation and development risks

The Company's main subsidiary, Vallenar, holds legal title to a series of mineral exploration and exploitation concessions in Chile. While Vallenar (through a contractor) commenced limited iron ore mining and mineral processing operations in February 2007, it suspended those operations in late 2008.

Vallenar has engaged in several geological exploration programs, the results of which have been used to estimate the measured, indicated and inferred mineral resources of the ore

bodies covered by Vallenar's mineral concessions. Vallenar is currently in the initial stages of a geological exploration program to advance its inferred and indicated mineral resources to the proven ore reserve category.

Resources exploration, project development and mining involve elements of significant risk. The future success of the Company's business will be dependent upon a range of factors, many of which are beyond the control of the Company. These factors include:

- ◆ the maintenance of the Company's mineral exploration and exploitation concessions and tenements, together with the maritime concession in respect of Punta Alcalde, Chile, and the grant of any approvals required for the conduct of mining activities;
- ◆ the identification, confirmation and exploitation of mineral resources in the areas covered by the Company's mineral concessions and tenements;
- ◆ the inherent uncertainty of measured, indicated and inferred resource estimates. The calculation and interpretation of these resource estimates are by their nature matters of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when more comprehensive examinations are done. This may result in changes to the Company's development and mining plans, which in turn may adversely affect the Company's operations;
- ◆ access to sufficient funding to progress the Company's exploration programme, development and mining operations;
- ◆ adverse changes in governmental policies or legislation affecting mining exploration, development and exploitation activities;
- ◆ unanticipated delays and cost overruns in the progression of the Company's development activities,
- ◆ adverse weather conditions, accidents or industrial disputes; and
- ◆ fluctuations in the market price for the mineral resources exploited by the Company.

Environmental risks

The Company is subject to various regulations regarding environmental matters and the discharge of hazardous wastes and materials. Whilst the Company intends to conduct its activities in an environmentally responsible manner, risks arise in relation to compliance with these regulations and the impact of the introduction of more stringent environmental regulations.

Native title and community risks

Many countries (including Australia but excluding Chile) have native title, community title/empowerment, or heritage legislation and/or regulations. These rules impose certain requirements on mining companies which undertake or plan to undertake various exploration, development or drilling activities. The risks associated with the rules are generally associated with the imposition of various uncertainties as to timetables and costs. No

assurance can be given that the Company will be able to explore or conduct drilling activities within acceptable timeframes or on terms acceptable to it.

Operating risks

If the Company achieves exploration success and then proceeds to undertake mining operations, the development and ongoing production from such operations may be adversely affected by various factors, including operational and technical difficulties encountered in production; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Future capital requirements

The Company's ongoing activities will require substantial expenditure. The exploration, development and production budgets of the Company are based on certain estimates and assumptions. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may be materially different. The funds raised through the Rights Offer and the Shortfall Offer will not be sufficient to achieve all of the Company's objectives. There can be no guarantee that the Company will be able to raise additional finance on acceptable terms or in a timely manner.

Any additional equity financing may be dilutive to Shareholders and any debt financing (if available) is likely to include restrictive financial and non-financial covenants, which may limit the Company's operations and business strategy. The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

Reliance on key personnel

The Company is reliant on the continued involvement of key personnel as executives within the business, the loss of whom could adversely affect the achievement of its business plan. There can be no guarantee that such key personnel will remain in an executive capacity.

Agents, contractors and joint venture parties

The Company expects to enter into business relationships with various parties, including agency and joint venture relationships and sub-contract agreements in respect of its involvement in mining and development projects.

In these business relationships, there is the risk of an adverse impact on the Company associated with insolvency, default or other managerial failure of agents, contractors or joint venture participants.

Contractual risks

All agreements and other contractual arrangements entered into by the Company are subject to interpretation. There is no guarantee that the Company will be able to enforce all its rights under its agreements with third parties.

Mergers and acquisitions

The Company may in the future pursue merger and acquisition strategies as part of the expansion of its business if an appropriate opportunity becomes available. In addition, the Company may continue to establish business operations in foreign countries (in addition to its current operations in Australia and Chile).

Operations in foreign countries carry substantial risks, including a greater risk of managerial failure, and the forfeiture of assets.

The Company's ability to pursue its merger and acquisition strategies depends upon the Company being able to identify opportunities that Company considers will generate, or has the potential to generate, a rate of return for the Company that is acceptable having regard to the associated risks being assumed through the merger or acquisition.

The Company's inability to identify such businesses, or the acquisition of businesses that generate a lower than expected rate of return, could dilute Shareholder returns, and result in the return to investors from an investment in the Company being lower than the returns achieved from the existing business.

9.2 General risks

Market conditions

The price of shares quoted for trading by ASX is impacted by various international and domestic factors. As the Company is listed on ASX, its share price is subject to numerous influences which may affect both the share market generally or the Company's share price in particular.

The factors which may create share price fluctuations include inflation, economic conditions, commodity prices, interest rates, exchange rates and investor sentiment generally.

Economic risk and external market forces

Factors including, but not limited to, political movements, stock market trends, changing commodity prices, exchange rates, interest rates, inflation levels, industrial disruption, terrorism or other hostilities, environmental impacts, international competition, taxation changes and legislative or regulatory changes, may all have an adverse impact on the Company's operating costs, profit margins and share price. These factors are beyond the control of the Company and the Company cannot, to any degree of certainty, predict how they will impact on the Company from time to time.

Taxation

The Company's profitability may be affected by changes in Chilean and Australian government taxation laws and policies and in the operation of international tax treaties between the two countries.

Government policy

The Company operates its business in a climate that is subject to various forms of government policy and regulation. Mining exploration and exploitation can be affected by changes in government policy and regulation, both within Australia and internationally, that are beyond the control of the Company.

Other legal risks

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and therefore on the financial performance of the Company and the price or value of the Shares.

10 Glossary

In this document:

AEDST means Australian Eastern Daylight Saving Time.

Applicant means a Shareholder who applies for Shares pursuant to the Rights Offer.

ASIC means the Australian Securities and Investments Commission.

ASTC Settlement Rules means the settlement rules of the securities clearing house which operates CHESS.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.

Board means the board of Directors unless the context indicates otherwise.

Business Day means a day on which trading takes place on the stock market of ASX.

Closing Date means the closing date of the Offer, being 17:00 (AEDST) on Thursday, 29 October 2009 (unless extended).

Company means Admiralty Resources NL (ACN 010 195 972).

Constitution means the Company's constitution as at the date of this document.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this document.

Dollar or "\$" means Australian dollars.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Rights Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this document.

Listing Rules or **ASX Listing Rules** means the Listing Rules of the ASX.

New Shares means the Shares to be issued by the Company pursuant to the Rights Offer and the Shortfall Offer.

Official List means the official list of ASX.

Qualifying Shareholders means all Shareholders at 19:00 AEDST on the Record Date whose registered addresses are in Australia and New Zealand.

Quotation and **Official Quotation** means official quotation on ASX.

Record Date means 19.00 (AEDST) on Wednesday, 14 October 2009.

Rights Offer means the offer by the Company of non-renounceable rights to be issued New Shares pursuant to the terms set out in this document.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Share Registry means Computershare Investor Services Pty Limited (ACN 078 279 277).

Shortfall means those New Shares under the Rights Offer not applied for by Shareholders under their Entitlement by the Closing Date.

Shortfall Offer means the offer described in part 4.2.

Vallenar means SCM Vallenar Iron Company, a Sociedad Contractual Minera company incorporated in Chile and indirectly wholly owned by the Company.

YA Facility means the Series D Convertible Loan Agreement between the Company and YA Global Investments.

YA Global Investments means YA Global Investments, L.P.