

NEWS RELEASE

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**ADMIRALTY ENTERS INTO VIC SHARE SALE AGREEMENT
ADMIRALTY RETAINS SIGNIFICANT DIRECT MINERAL INTERESTS IN CHILE
ADMIRALTY TO RECEIVE GUARANTEED PAYMENTS AND LONG-TERM ROYALTY STREAM**

As part of the Company's ongoing focus of enabling further development of its assets and operations, the Board of Admiralty Resources NL ("Admiralty") is delighted to announce that Admiralty has entered into a share sale agreement ("Agreement") to sell the whole of Admiralty's interests in its wholly-owned controlled entity Sociedad Contractual Minera Vallenar Iron Company ("VIC") to Icarus Derivatives Ltd ("Icarus"). VIC's main asset is a series of mining tenements in the Harper geological district. The Harper geological district is South of the town of Vallenar in the Third Region of Chile. Icarus is part of an international investment group specialising in opportunities in the resource sector globally.

Completion of the sale is subject to approval by the shareholders of Admiralty at a meeting to be called to approve the Agreement. Completion is scheduled to occur immediately after the approval of Admiralty shareholders.

The Agreement provides for the division of VIC's tenements in Chile into a "Northern Region" and a "Southern Region" of approximately equal size. VIC will retain the Northern Region and Admiralty (through a wholly owned subsidiary) will retain a direct interest in the Southern region, as shown in the attached map. VIC will also retain the rights to the maritime concession at Punta Alcalde. VIC's proposed new shareholder, Icarus, is committed under the Agreement to VIC's development of the maritime concession.

In addition, Admiralty (through a wholly owned subsidiary) will retain its direct interest in its Pampa Tololo concessions, which are North of the town of Vallenar.

The sale consideration has been structured in two parts, the first being guaranteed payments of US\$4 million and the second being a royalty agreement on production. The calculation of the royalty will be by reference to published benchmark prices and the quantities and qualities of the iron ore fines extracted or deemed to be extracted from the mineral concessions retained by VIC.

Further, under the Agreement:

- Icarus has agreed to procure access to the port concession at Punta Alcalde to Admiralty's subsidiary for export of its own product on reasonable commercial terms when constructed;
- Icarus has agreed to procure VIC to enter into a put and call supply agreement with Admiralty's subsidiary, whereby final product produced by that subsidiary in the future can be sold to VIC;

- Icarus and Admiralty are to enter into a further agreement (the “Last Right of Refusal Agreement”) whereby VIC is granted rights to acquire Admiralty’s interests in the Southern Region in the event that Admiralty chooses to seek to sell or otherwise deal with those interests;
- all debt obligations currently owed to Admiralty by VIC will be extinguished or transferred to Icarus at or from completion as a result of the provisions of the Agreement;
- Admiralty has agreed that it will not engage in any conduct to solicit, encourage or initiate other offers, or participate in any discussions or negotiations in respect of other offers, prior to Completion unless (in the case of discussions or negotiations) the board of directors of Admiralty (upon advice from its advisers) concludes that it has a fiduciary duty to do so;
- Icarus will be entitled to a break fee of US\$450,000 in circumstances where shareholders reject the transaction if a competing transaction which is more favourable to shareholders is proposed or announced prior to the meeting held to approve the transaction; and
- Admiralty has the option to participate in an IPO of Icarus or VIC if it occurs within five years from Completion, giving Admiralty the right to subscribe for up to US\$15 million in the IPO at the IPO subscription price.

Icarus’ representative, Dr Andrew Walker, notes “this is an excellent deal for Admiralty’s shareholders and a good deal for Icarus. We are well resourced and intend to immediately roll out and scale up production of iron ore fines for sale to our clients. We fully expect to deliver up to US\$50 million to Admiralty as a combination of guaranteed payments and ongoing royalties over the next five years as our mining operations expand and the port is constructed. In addition, Admiralty will receive an ongoing royalty for the life of the mine”.

A Notice of General Meeting of the shareholders members of Admiralty will be circulated giving further details of the Agreement to enable shareholders to fully consider and vote upon the proposed transaction.

The Board of Admiralty are pleased to present this transaction to shareholders. They consider that it will reduce the risks currently encountered by Admiralty. It can provide a springboard for future success in developing positive cashflows and a strong basis for future growth for developing Admiralty’s remaining assets in Chile, particularly enabling the increased exploration activity in the Southern portion of the Harper geological district, and in Australia. The Board also sees this transaction as an important cornerstone in building an integrated mining company, with opportunity to acquire other mining interests.

Yours faithfully,



Stephen C. Prior
Executive Director

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

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Map of the Mineral Concessions that conform the Harper Geological District, South of the township of Vallenar.

HARPER GEOLOGICAL DISTRICT LAND TENURE POSITION

