

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that an Extraordinary General Meeting of Members of Admiralty Resources NL (ACN 010 195 972) (**Admiralty**) is to be held at the Bank Room, at The Sebel Melbourne, 394 Collins Street, Melbourne, Victoria on Friday, 29 October 2010 at 11.00 am (AEDST).

AGENDA

1. Sale by Admiralty of its controlled entity, Sociedad Contractual Minera Vallenar Iron Company

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 11.1 and for all other purposes, approval is given for Admiralty to cause all of the shares in its controlled entity, Sociedad Contractual Minera Vallenar Iron Company, to be sold to Icarus Derivatives Ltd."

An Explanatory Memorandum describing the terms and conditions of the sale and providing you with other information about the sale accompanies this Notice of Extraordinary General Meeting.

2. Ratification of share issue on 16 March 2010

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That, pursuant to and in accordance with Listing Rule 7.4 of the ASX Listing Rules, the issue of 212,765,957 fully paid ordinary shares in the capital of Admiralty, which were issued on 16 March 2010 at a price of A\$0.0094 per share to clients of Lodge Partners, each of whom was an institutional or sophisticated investor for the purposes of the Corporations Act 2001, ("**March Allotees**") to raise A\$2,000,000, be ratified and approved."*

Please note the following information:

- (a) the number of securities allotted was 212,765,957 fully paid ordinary shares;
- (b) the price at which the shares were issued was A\$0.0094 per share;
- (c) the allottees are as referred to above; and
- (d) the funds raised were for purposes of providing the Company with capital to fund an exploration programme in the Harper Geological District and working capital requirements.

An Explanatory Memorandum providing you with further information about the proposed ratification of this share issue accompanies this Notice of Extraordinary General Meeting.

3. Ratification of share issue on 15 September 2010

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, pursuant to and in accordance with Listing Rule 7.4 of the ASX Listing Rules, the issue of 99,692,546 fully paid ordinary shares in the capital of Admiralty, which were issued on 15 September 2010 at a price of A\$0.0064 per share to clients of Lodge Partners, each of whom was an institutional or sophisticated investor for the purposes of the Corporations Act 2001, ("September Allotees") to raise A\$638,032, be ratified and approved."

Please note the following information:

- (a) the number of securities allotted was 99,692,54 fully paid ordinary shares;
- (b) the price at which the shares were issued was A\$0.0064 per share;
- (c) the allottees are as referred to above; and
- (d) the funds the funds raised were for purposes of providing the Company with working capital funds.

An Explanatory Memorandum providing you with further information about the proposed ratification of this share issue accompanies this Notice of Extraordinary General Meeting.

Voting Entitlement

The Board has determined in accordance with regulation 7.11.37 of the Corporations Regulations that for the purpose of voting at the Extraordinary General Meeting, shares will be taken to be held by those who hold them at 7.00 pm (AEDST) on Wednesday 27 October 2010. This means that if you are not the registered holder of a relevant share at that time you will not be entitled to vote in respect of that share.

Voting by Proxy

Each member who is entitled to attend and vote at the Extraordinary General Meeting may appoint a proxy to attend and vote on behalf of that member. The proxy need not be a member of Admiralty.

A member who is entitled to cast two or more votes may appoint one or two proxies and may specify the proportion or number of votes that each proxy is appointed to exercise. If a member appoints two proxies and the appointment does not specify the proportion, or number, of the member's votes, such appointment of proxies will be deemed not to have been effective. Neither proxy may vote on a show of hands.

A proxy is enclosed with this notice of meeting. For the appointment of a proxy to be effective for the meeting, the proxy appointment form must be received by Computershare Investor Services Pty Limited at least 48 hours before the meeting by one of the methods outlined below:

- delivered by post to the Share Registry, Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 3001; or
- sent by fax to the Share Registry, Computershare Investor Services Pty Limited on 1800 783 447 (within Australia) or + 61 3 9473 2555 (outside Australia); or
- online by visiting www.investorvote.com.au and logging in using the control number found on the front of your accompanying proxy form. Intermediary Online subscribers (Institutions/Custodians) may lodge their proxy instruction online by visiting www.issueronline.com.

Please allow sufficient time for delivery of your proxy appointment form.

Bodies Corporate

A body corporate may appoint an individual as a representative to exercise all or any of the powers the body corporate has may exercise at meetings of members. The appointment may be a standing one. Unless otherwise specified in the appointment, the representative may exercise, on the body corporate's behalf, all of the powers the body corporate could exercise at a meeting or in voting on a resolution.

Voting exclusion statement

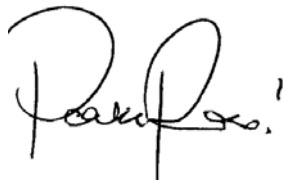
In accordance with the ASX Listing Rules, Admiralty will disregard any votes cast on:

- (a) Resolution 1 by a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities in Admiralty, or an associate of that person, if the resolution is passed. Admiralty is currently not aware of any person whose vote should be so disregarded;
- (b) Resolution 2 by any of the March Allotees and any associates of the March Allotees; and
- (c) Resolution 3 by any of the September Allotees and any associates of the September Allotees.

However, Admiralty need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

DATED THIS 28 SEPTEMBER 2010

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'Patrick Rossi', with a stylized flourish at the end.

Patrick Rossi
Company Secretary

Explanatory Memorandum

This Explanatory Memorandum should be read in conjunction with the accompanying notice of meeting of Admiralty Resources NL (**Admiralty**).

Resolution 1 - Sale by Admiralty of its controlled entity, Sociedad Contractual Minera Vallenar Iron Company

1 Background

Admiralty (through various wholly owned subsidiaries) has interests in zinc and lead oxide and nickel and cobalt assets in Australia and iron ore assets in Chile. Admiralty's interests in Chile are held through its indirect wholly owned subsidiary, Sociedad Contractual Minera Vallenar Iron Company (**VIC**). VIC holds various mineral concessions in the Pampa Tololo and Harper geological districts in the Third Region of Chile, and also holds a maritime concession at Punta Alcalde (on Chile's Pacific coastline, about 46 kilometres southwest of its mineral concessions).

Admiralty acquired 60% of the shares in VIC in stages up to August 2007, and acquired the remaining 40% of the shares in VIC in May 2009. Over the past year, VIC has been engaging in various activities to develop further its mineral concessions, including conducting an exploration programme to assess further the characteristics of the iron ore deposits in certain of the areas covered by its mineral concessions.

VIC's development activities have been constrained, however, by a lack of financial resources. To address VIC's long term funding issues, Admiralty and VIC have been exploring the development of VIC's iron ore and port assets (through a joint venture or otherwise) with a number of parties. The proposed transaction has resulted from these discussions.

2 Overview of the proposed transaction

Admiralty entered into a share sale agreement (**Agreement**) on 1 September 2010 with Icarus Derivatives Ltd (a company incorporated in the British Virgin Islands) (**Purchaser**) and Corsair Capital Limited (a company incorporated in Hong Kong) (**Guarantor**). The Agreement provides for the sale of all of the shares in VIC to the Purchaser (**Transaction**).

The Purchaser has advised Admiralty that it is part of an international investment group specialising in opportunities in the resource sector globally (further information about the Purchaser and the Guarantor is provided in paragraph 10).

Two of Admiralty's wholly owned subsidiaries, Fortune Global Holdings Corporation (a company incorporated in the British Virgin Islands) and Inversiones Admiralty Resources Chile Limitada (a company incorporated in Chile) (**Admiralty Chile**) (together, the **Vendors**) between them own 100% of the shares in VIC. The Agreement requires Admiralty to cause each of the Vendors to transfer their respective shares in VIC to the Purchaser (subject to the satisfaction of certain conditions, which are described in paragraph 5).

Under the Agreement, before the shares in VIC are transferred to the Purchaser, VIC's primary mineral concessions in Chile will be separated into a Northern region and a Southern region of approximately equal size. VIC will retain the mineral concessions in the Northern region (**Mineral Concessions**), while the mineral concessions in the Southern region will be transferred to one of Admiralty's wholly owned subsidiaries, Admiralty Minerals Chile Pty Ltd (**Admiralty Minerals Chile**). VIC's Pampa Tololo concessions, which are north of the town of Vallenar, also will be transferred to Admiralty Minerals Chile. (The mineral concessions in the Southern and Pampa Tololo regions are referred to as the **Excluded Mineral Concessions**). The separated mineral concessions are shown on the map included in paragraph 15. In exchange for the Excluded Mineral Concessions, debt owed by VIC to Admiralty or Admiralty Chile of approximately US\$13.7 million will be taken to have been repaid.

As a result of these transfers, after the completion of the Transaction (**Completion**), Admiralty (through Admiralty Minerals Chile) will retain a substantial portion of the mineral concessions currently held by VIC.

3 **Purchase price for VIC's shares**

In exchange for the shares in VIC and the transfer from Admiralty and Admiralty Chile to the Purchaser of the remaining debt that VIC will owe to them at Completion:

- (a) the Purchaser will assume responsibility for the repayment of US\$4 million in debt owed by VIC to Admiralty, and will repay that amount in the following instalments:
 - (i) US\$1 million at Completion;
 - (ii) US\$1 million eight months after Completion;
 - (iii) US\$1 million sixteen months after Completion; and
 - (iv) US\$1 million twenty-four months after Completion; and
- (b) the Purchaser will pay the Vendors US\$10,000 at Completion.

In addition, immediately before Completion, VIC will enter into a royalty agreement with Admiralty (**Royalty Agreement**), pursuant to which VIC will be required to pay Admiralty a royalty in respect of the iron ore fines extracted after Completion from any area covered by the Mineral Concessions, on the terms and conditions described in paragraph 4 below. In exchange for VIC's commitment to pay this royalty, approximately US\$29 million of the debt owed by VIC to Admiralty or Admiralty Chile will be taken to have been repaid.

4 **Royalty Agreement**

Under the Royalty Agreement, VIC will be required to pay Admiralty a royalty (**Royalty**) as follows:

- (a) For the first 10 million tonnes of iron ore extracted from any area covered by the Mineral Concessions, VIC will pay Admiralty, when the iron ore is sold, a royalty of:
 - (i) 7.6% of the agreed sale price (as described below) for superior quality iron ore fines; and
 - (ii) 5.7% of the agreed sale price for iron ore fines that are not of superior quality.

The "agreed sale price" means, for the purposes of the Royalty, an amount equal to the CFR China spot rate sale price per tonne at the relevant date (determined in accordance with The Steel Index daily iron ore reference price for 62% Fe content fines, CFR China port, or, if The Steel Index is no longer available, the Platts IODEX (daily iron ore price assessment) daily iron ore reference price for 62% Fe content fines, CFR North China) less US\$35.00, provided that the amount of US\$35.00 will be adjusted annually based on the change in the US Producer Price Index for Finished Goods.

- (b) After more than 10 million tonnes of iron ore have been extracted from the Mineral Concessions, the Royalty will reduce to 1.4% of the agreed sale price (regardless of whether the iron ore is deemed to be superior or non-superior in quality).
- (c) The Royalty will be payable in respect of all iron ore extracted from any area covered by a Mineral Concession during the life of VIC's exploitation of the Mineral Concessions.

- (d) All payments to Admiralty in relation to the Royalty (other than the shortfall if iron ore production is not sufficient to generate the minimum Royalty payments referred to in paragraph (e) below) must be paid:
 - (i) calculated on actual tonnage sold; and
 - (ii) within 48 hours of receipt by VIC (including by way of drawing on a letter of credit) of any part of the sales price for iron ore.
- (e) After the fourth anniversary of Completion, VIC will be required to make minimum annual Royalty payments, based on a minimum sales level of 1.5 million tonnes of iron ore fines for every 12 month period after that anniversary.
- (f) If the minimum sales level of iron ore is not reached during any 12 month period after the fourth anniversary of Completion, VIC will be required to pay the Royalty as if the minimum sales level had been reached, and the applicable rate of the Royalty for calculating the shortfall in sales will be 6.65% of the agreed sale price until Royalty payments have been made to Admiralty in respect of 10 million tonnes of iron ore extracted from the areas covered by the Mineral Concessions, and 1.4% of the agreed sale price thereafter.
- (g) The Royalty Agreement contains force majeure provisions, under which VIC's obligation to pay the Royalty will be suspended if one or more events (other than an inability to obtain financing) occur which are not reasonably within VIC's control that prevent it from achieving the minimum sales level. VIC's obligations will be suspended as a result of the occurrence of a force majeure event for no longer than 12 months from any one event, or a total of 24 continuous months from all events.

5 **Conditions to the sale of VIC's shares**

Completion is subject to the satisfaction or waiver of certain conditions set out in the Agreement, including:

- (a) each of the Excluded Mineral Concessions being transferred to, and registered in the name of, Admiralty Minerals Chile;
- (b) approval of the Transaction by Admiralty's shareholders;
- (c) the terms of employment of each continuing employee of VIC having been varied to remove any requirement of VIC to pay a redundancy, severance or similar payment to the employee upon a change in control of VIC or as a consequence of Completion or, for those employees who do not agree to this variation, the employment of those employees having been terminated on terms reasonably acceptable to the Purchaser; and
- (d) Admiralty having paid, on behalf of VIC, all severance, redundancy and similar costs and payments in connection with the termination of employment of employees of VIC between (and including) the date of the Agreement and Completion. However, the Purchaser will reimburse Admiralty after the Completion for up to US\$440,000 of such costs and payments.

6 **Other key provisions of the Agreement**

(a) **Corsair guarantee**

The Guarantor, which is the parent company of the Purchaser, will guarantee the Purchaser's obligations to repay the US\$4 million in debt described in paragraph 3(a) above, as well as the Royalty that will be payable in respect of the first 5 million tonnes of iron ore extracted from any area covered by the Mineral Concessions. The Guarantor's obligations under this guarantee will be secured by a charge or mortgage over the shares in the Purchaser.

(b) **Port development at Punta Alcalde**

Under the terms of the Transaction, VIC will retain the rights to the maritime concession at Punta Alcalde, and the Purchaser will be required to use its reasonable endeavours to ensure that VIC constructs a port at Punta Alcalde. The Purchaser will also be required under the Agreement to ensure that VIC grants Admiralty Minerals Chile the right, on reasonable commercial terms to be agreed, to use that port to ship iron ore produced from the Excluded Mineral Concessions.

(c) **IPO participation**

If on or before the fifth anniversary of the Completion Date, there is an initial public offer (**IPO**) in respect of the shares in the Purchaser or VIC (or the shares in any company which directly or indirectly owns or operates VIC's business), Admiralty will be entitled to subscribe for up to US\$15 million in shares of the company subject to the initial public offer, at the same price per share at which those shares are being offered to the public in that initial public offer. Admiralty's understanding is that the Purchaser does not currently have an intention to list its shares or the shares in VIC. The IPO participation rights of Admiralty under the Agreement are included in the event that the Purchaser does at some point in the next five years decide to pursue an IPO, and not because such an IPO is currently contemplated.

(d) **Put and Call Supply Agreement**

The Purchaser has agreed to, following Completion, negotiate in good faith and use all reasonable endeavours so that VIC enters into a put and call supply agreement (**Put and Call Supply Agreement**) with Admiralty Minerals Chile, under which:

- (i) Admiralty Minerals Chile will grant to VIC an option to acquire any of its production of iron ore fines from the Excluded Mineral Concessions exceeding 1.5 million tonnes per annum; and
- (ii) VIC will grant to Admiralty Minerals Chile an option to supply to VIC any of Admiralty Minerals Chile's production of iron ore fines from the Excluded Mineral Concessions exceeding 1.5 million tonnes per annum (**Put Option**). Under the Put Option, Admiralty Minerals Chile will be entitled to sell that excess of iron ore fines to VIC at a price per tonne equal to the CFR China spot rate sale price per tonne at the relevant date (determined in accordance with The Steel Index daily iron ore reference price for 62% Fe content fines, CFR China port, or, if The Steel Index is no longer available, the Platts IODEX (daily iron ore price assessment) daily iron ore reference price for 62% Fe content fines, CFR North China) less US\$60 (adjusted annually). The Put Option will have a term of eight years following Completion.

(e) **Last Right of Refusal Agreement**

Admiralty must, and must procure that Admiralty Minerals Chile and VIC will, enter into a last right of refusal agreement (**Last Right of Refusal Agreement**) at Completion. The Last Right of Refusal Agreement will provide that if Admiralty Minerals Chile proposes to enter into any agreement with any person (other than a related entity of Admiralty Minerals Chile) for the assignment, sale, transfer or other disposal of any of the Excluded Mineral Concessions, or the development, operation or exploitation of any of the Excluded Mineral Concessions, Admiralty Minerals Chile must give VIC a written notice containing all the terms and conditions of the proposed agreement, offer or terms sheet (including the identity and details of proposed counterparty).

Admiralty Minerals Chile must then not enter into or accept such proposed agreement, offer or terms sheet before the expiry of 30 days. Within that 30 day period, VIC may agree to the terms contained in the notice, and Admiralty Minerals Chile and VIC will thereupon be deemed to have entered into a legally binding agreement on such terms.

In addition, if Admiralty proposes to enter into any agreement with any person (other than a related entity of Admiralty) for the assignment, sale, transfer or other disposal of any interest in shares (or securities convertible into or exchangeable for shares) in Admiralty Minerals Chile, Admiralty must give notice to VIC and VIC will have the same rights as set out above to enter into an agreement with Admiralty on those terms.

(f) Purchaser's right to terminate after the Completion Date

The Purchaser will be entitled to sell the Mineral Concessions back to Admiralty at any time after 3 years and 11 months after Completion (but not before), for a sale price of US\$500,000 and the termination of the obligation to pay the Royalty in respect of iron ore extracted from the Mineral Concessions after that sale. If the Purchaser exercises its right to sell the Mineral Concessions to Admiralty, the other rights and obligations of the parties described in this section 6 will also terminate.

7 Rationale for the Transaction

Over the past 5 years, Admiralty has provided over US\$55 million to VIC to support its operations. The full development of its mineral concessions and the maritime concession at Punta Alcalde will require the expenditure of significant additional funds. Admiralty's Board believes that is unlikely that Admiralty would be in a position to raise sufficient funds for this development in the short to medium term. Admiralty has been incurring, and continues to incur, substantial costs in maintaining its current staffing levels in Chile.

The Purchaser has advised Admiralty that it expects to have access to sufficient financing to fund the full development of the Mineral Concessions within a year to 18 months. The Transaction will relieve Admiralty of the need to continue to fund VIC's operations, while allowing it to share in the revenues generated from the Mineral Concessions when mining operations begin.

8 Some of the key benefits of the Transaction identified for Admiralty

(a) Ongoing royalty payments

The Board considers that the terms of the Royalty Agreement agreed with the Purchaser will provide a significant ongoing revenue stream to Admiralty, which will assist Admiralty in continuing to develop and exploit the Excluded Mineral Concessions. Importantly, the Board considers that significant costs will be required to commence production of the iron ore reserves contained in the Mineral Concessions. The costs will be borne solely by the Purchaser (and its controlled entity, VIC) and Admiralty will not be required to contribute in any way to such costs.

In addition, most of the return payable to Admiralty under the Transaction will be comprised of the royalty payments, which will be direct obligations of VIC under the Royalty Agreement. Accordingly, Admiralty's rights to the royalty payments will be at the same entity level from which revenue from the Mineral Concessions is to be generated, which will enhance Admiralty's ability to collect the royalty amounts.

(b) Default purchaser of iron ore from Excluded Mineral Concessions

Due to the transfer of the Excluded Mineral Concessions from VIC to Admiralty Minerals Chile prior to Completion, Admiralty will still have an interest in substantial iron ore resources in the Harper Geological District of Chile. In addition, by entering into the Put and Call Supply Agreement, Admiralty (through its wholly-owned subsidiary, Admiralty Minerals Chile) will be able to require VIC to acquire iron ore fines produced from the Excluded Mineral Concessions on the terms summarised in paragraph 6(d) above.

(c) **Admiralty's net cash position following payment of Initial Consideration**

Admiralty expects its net cash position following the payment of the first instalment of the initial consideration (US\$1,000,000) to be approximately A\$1,500,000.

(d) **Reduction in operating costs**

Admiralty will be able to reduce its operating costs in Chile as a result of the Purchaser taking over the operations of VIC, including premises, staff and ongoing royalty payments contractually payable by VIC.

9 **Potential risks associated with, and disadvantages of, the Proposed Transaction**

(a) **Exclusivity and Break fee**

Admiralty has expressly agreed that, prior to Completion, neither it nor any of its related companies nor any of their respective authorised persons will engage in any conduct to solicit, encourage or initiate other offers, or participate in any discussions or negotiations in respect of other offers, unless (in the case of discussions or negotiations) the board of Admiralty (upon advice from its advisers) concludes that it has a fiduciary duty to do so.

The Purchaser will be entitled to be paid a break fee of USD\$450,000 by Admiralty in circumstances where:

- (i) a competing transaction which is more favourable to shareholders is proposed or announced publicly; and
- (ii) Admiralty's shareholders reject the Transaction .

A vote by Admiralty's shareholders against the resolution to approve the Transaction will not, by itself, trigger the payment of the break fee.

(b) **Reduced scale of activities**

By selling VIC (notwithstanding that Admiralty will retain control of the Excluded Mineral Concessions), Admiralty will be changing the scale of its activities by a large extent, which may not be consistent with the investment objectives of all shareholders.

(c) **Reliance on the Purchaser to develop the Mineral Concessions**

The payments to be received by Admiralty under the Royalty Agreement will be reliant on the Purchaser's ability to successfully develop the Mineral Concessions. Admiralty has been advised by the Purchaser that it intends to recommence mining operations in respect of the Mineral Concessions as soon as practicable following Completion.

The Purchaser has advised Admiralty that it has undertaken significant preliminary work already in this regard and is now completing the final engineering design of a new process, separation and concentration plant for the mine site. The Purchaser has been reviewing all mobile technology required at mine sites across South America for suitability and intends to place firm orders for all fixed and mobile equipment as soon as practical and prior to the end of calendar 2010. In addition, the Purchaser has a management team on the ground in Chile already working in parallel with the existing team at VIC. Sales of final product from the Mineral Concessions are under negotiation, with first export shipments planned for the second half of 2011.

The minimum royalty, which is payable whether or not the Purchaser is in production in respect of the Mineral Concessions, does not commence until the fourth anniversary of Completion.

(d) **Purchaser's right of termination**

As discussed above in paragraph 6(f), the Purchaser may terminate the Agreement at any time after the date that is 3 years and 11 months from Completion (and not before) and require Admiralty to acquire the remaining Mineral Concessions owned by VIC for the sum of US\$500,000 and the termination and release of its obligations, including those under the Royalty Agreement.

10 **Purchaser's capacity to complete the Transaction**

Admiralty has been advised by the Purchaser that it and the Guarantor are each privately owned investment companies seeking to acquire assets globally for investment and subsequent development. The Purchaser has been established by the Guarantor specifically for this transaction and is a single-use vehicle. Admiralty has further been advised that the Guarantor owns a range of assets across industries and jurisdictions, is fully audited and has substantial experience in investment and subsequent development of assets, particularly resource focused assets. Accordingly, the Directors have taken into account the experience and commitment of the Purchaser and the Guarantor to complete the Transaction and comply with the ongoing obligations under the Agreement.

In addition, Admiralty will retain an indirect interest in VIC, through the grant by the Guarantor of a charge or mortgage to Admiralty over the entire issued share capital in the Purchaser (which will in turn own the entire share capital in VIC), to secure the Guarantor's obligations under the Agreement. ADY must release the charge or mortgage on the earlier of the date on which Admiralty has received all royalty payments payable by VIC under the Royalty Agreement in respect of the first 5 million tonnes of iron ore extracted (or deemed to be extracted) after Completion from the areas covered by the Mineral Concessions and, if the Purchaser terminates the Agreement in the manner referred to in paragraph 6(f), the date on which Admiralty has received all royalty payments accrued up to the date on which all documents necessary to effect the transfer of the Mineral Concessions to Admiralty are signed and delivered by VIC to Admiralty.

Importantly, the majority of the consideration payable to Admiralty is comprised of the royalty payments which are payable by VIC under the Royalty Agreement. Accordingly, given that VIC will retain ownership of the Mineral Concessions, the Board is confident that it will be able to comply with these ongoing payment obligations.

11 **Effect of Transaction on Admiralty**

If shareholders approve the Transaction and Completion occurs, there will be no effect on the capital structure of Admiralty.

If shareholders do not approve the Transaction, Admiralty will continue to explore opportunities to develop all of the Mineral Concessions (and the Excluded Mineral Concessions, which will be retained by VIC if the Transaction does not proceed). The Board considers that given the level of finance required, it will be necessary to locate a joint venture party or financier to provide the necessary financial support to fully exploit the Mineral Concessions and develop the port at Punta Alcalde. Alternate arrangements may not be as attractive and Admiralty will continue to incur substantial costs in Chile whilst it seeks a suitable alternative.

12 **ASX Listing Rule 11.1**

ASX Listing Rule 11.1 provides that a listed company that is proposing to make a significant change in the nature or scale of its operations may be required to obtain the approval of its shareholders to the change. The Transaction may constitute a significant change in the nature or scale of Admiralty's operations, and accordingly Admiralty is seeking the approval of its shareholders.

13 **The Board's recommendation**

The directors of Admiralty do not have any material personal interest in the outcome of the proposed resolution other than as a result of their interest solely as shareholders of Admiralty.

Name of Board Member	Shareholding
Stephen Charles Prior, Executive Director	5,000,000
Michael Stephen Perry, Non-Executive Director	2,000,000
John Ross Harper, Chairman	1,320,000

Based on the information available to it at the date of this Explanatory Memorandum, all of the directors of Admiralty consider that the proposed Transaction is in the best interests of Admiralty and recommend that the shareholders vote in favour of it. The Board has approved the proposal to put the resolution in respect of the Transaction to Admiralty's shareholders and has also approved the information contained in this Explanatory Memorandum.

14 **Pro forma financial statements**

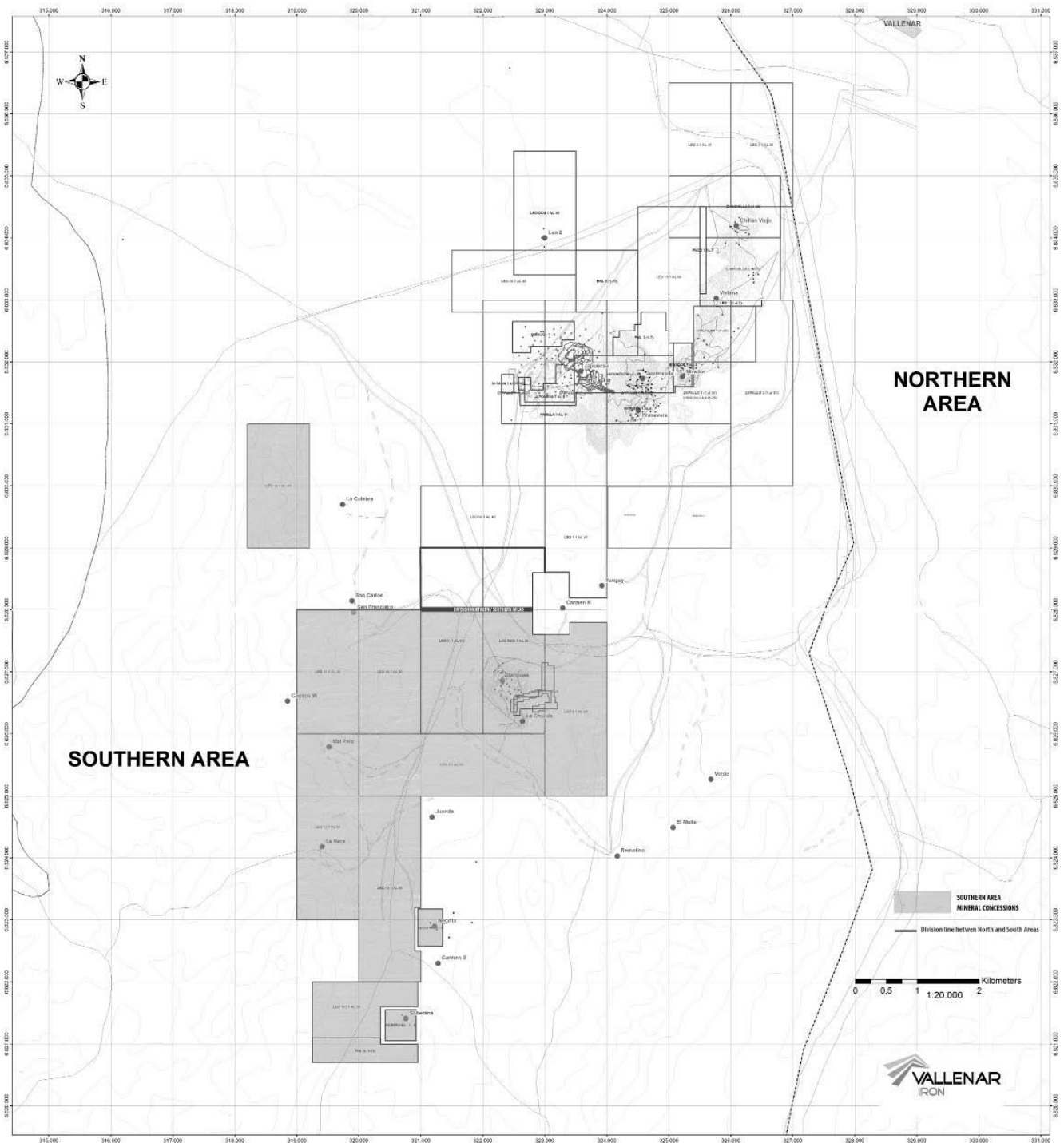
Based on the information available at the date of this Explanatory Memorandum, the following is Admiralty's 30 June 2010 and estimated post-completion consolidated balance sheet:

CONSOLIDATED BALANCE SHEET

	30/6/2010	Post-Completion
	\$	\$
<i>Current Assets</i>		
Cash and cash equivalents	1,265,227	1,786,673
Trade and other receivables	1,119,541	1,362,142
Other financial assets	3,600	3,600
Inventories	3,874,304	-
Other	35,305	-
Total Current Assets	6,297,977	3,152,415
<i>Non-Current Assets</i>		
Trade and other receivables	-	1,851,890
Other financial assets	-	33,833,142
Property, plant and equipment	1,488,721	13,297
Mining interests	38,483,602	16,025,926
Other	650,708	18,971
Total Non-Current Assets	40,623,031	51,743,226
Total Assets	46,921,008	54,895,641
<i>Current Liabilities</i>		
Trade and other payables	2,059,028	157,269
Total Current Liabilities	2,059,028	157,269
<i>Non-Current Liabilities</i>		
Provision for make-good of mine	1,417,943	-
Trade and other payables	2,760,061	-
Total Non-Current Liabilities	4,178,004	-
Total Liabilities	6,237,032	157,269
Net Assets	40,683,976	54,738,372
<i>Equity</i>		
Contributed equity	129,289,824	129,289,824
Option premium reserve	-	-
Foreign currency translation reserve	8,534,135	6,816,657
Accumulated losses	(97,139,983)	(81,368,109)
Total Equity	40,683,976	54,738,372

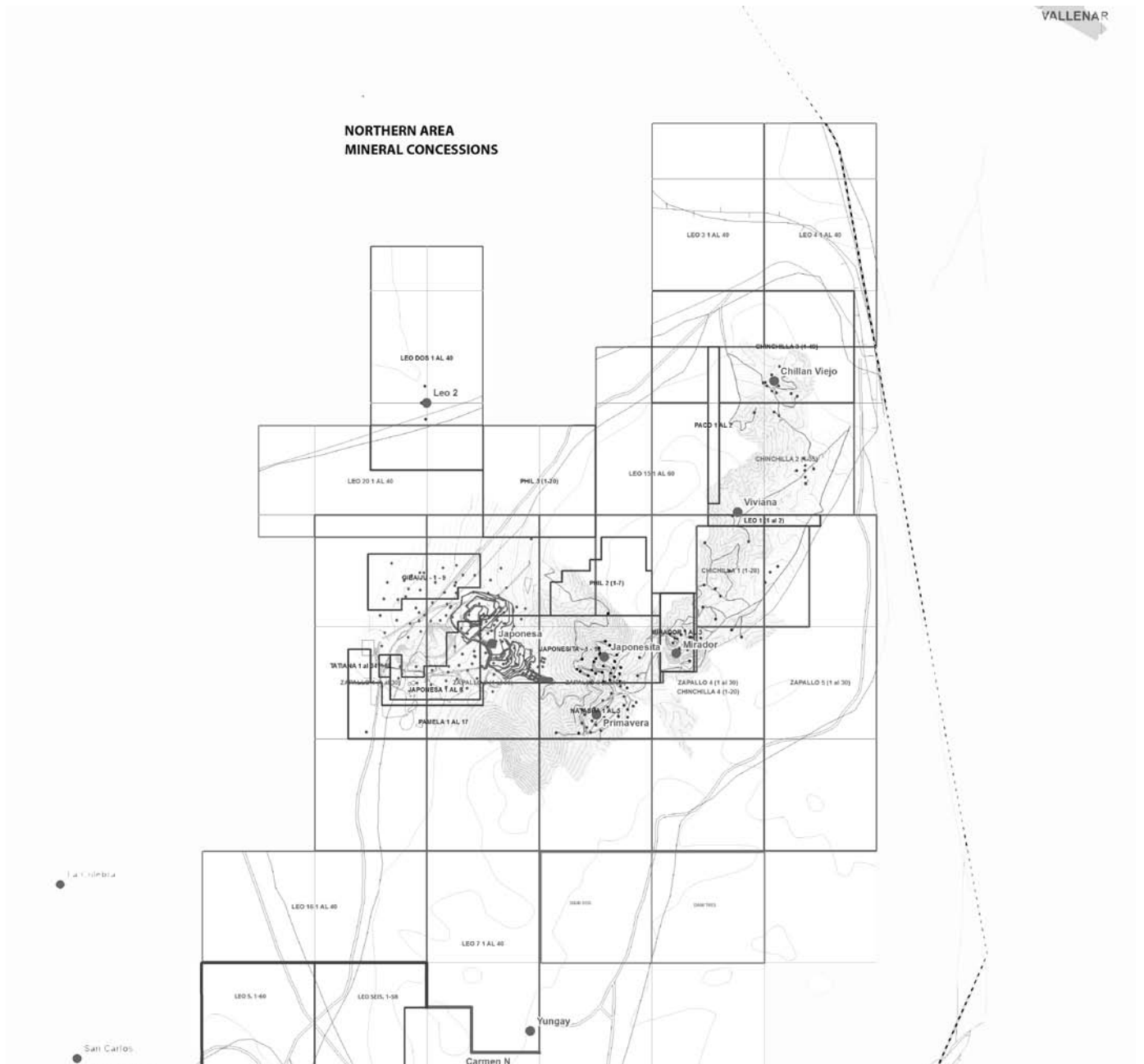
The financial information provided above has been prepared using management accounts as at 30 June 2010. The audit of the 2010 Annual Report is currently being finalised, however has not been concluded as at the date of this Explanatory Memorandum. The Board does not anticipate any material variations from these accounts.

HARPER GEOLOGICAL DISTRICT LAND TENURE POSITION



The Harper Geological District is located South of Vallenar. The Excluded Mineral Concessions are those located in the Southern Area and shaded in grey.

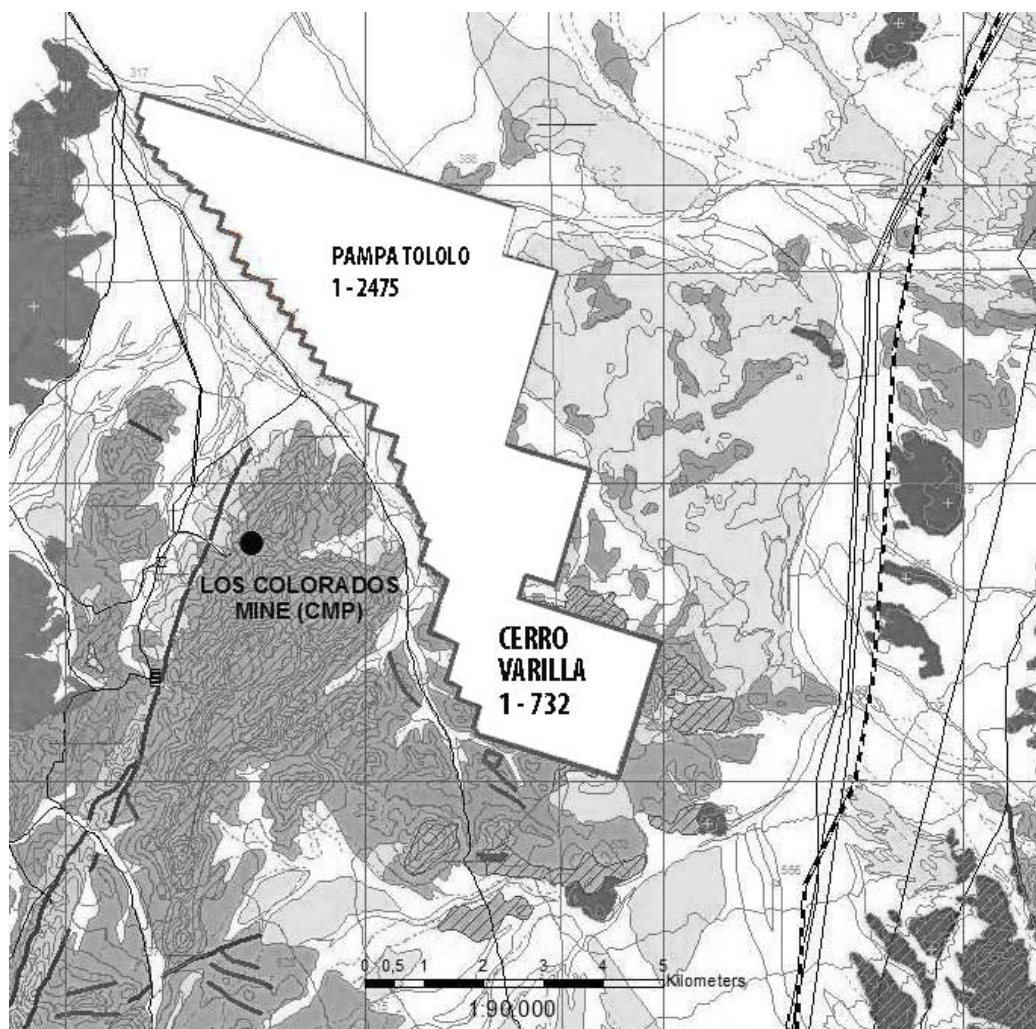
HARPER GEOLOGICAL DISTRICT – NORTHERN AREA MINERAL CONCESSIONS



HARPER GEOLOGICAL DISTRICT –
SOUTHERN AREA MINERAL CONCESSIONS
(Excluded Mineral Concessions)



PAMPA TOLOLO MINERAL CONCESSIONS
(Excluded Mineral Concessions)



The Pampa Tololo mineral concessions are located North of Vallenar and cover an area of 3,455 hectares.

Resolutions 2 & 3 – Ratification of Share Issues

ASX Listing Rule 7.1 limits companies to issuing no more than 15% of their issued capital in any 12 month period without the approval of members, subject to certain exceptions such as pro-rata issues to all members.

Under Listing Rule 7.4, Admiralty may seek subsequent approval for issues of shares, and if that approval is granted, such issues cease to count towards the 15% limit.

Admiralty is seeking member approval, pursuant to ASX Listing Rule 7.4, for the issue of shares described in Resolutions 2 and 3.

The directors believe that it is in the best interests of Admiralty that these past issues of shares as set out in Resolutions 2 and 3 be approved so that Admiralty will have flexibility in its funding options for current and future opportunities.

All of the directors recommend that members vote in favour of these two resolutions, which will be separately considered at the meeting.

Lodge your vote:**Online:**
www.investorvote.com.au**By Mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 AustraliaAlternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com**For all enquiries call:**
(within Australia) 1300 552 270
(outside Australia) +61 3 9415 4000

Proxy Form



Vote online, 24 hours a day, 7 days a week:

www.investorvote.com.au**Cast your proxy vote****Review and update your securityholding****Your secure access information is:****Control Number: 134382****SRN/HIN:****PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.**For your vote to be effective it must be received by 11:00am (AEDST) Wednesday 27th October 2010**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.**A proxy need not be a securityholder of the Company.**

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.**GO ONLINE TO VOTE,
or turn over to complete the form →**

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Admiralty Resources NL hereby appoint

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the Chairman
of the meeting OR



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Extraordinary General Meeting of Admiralty Resources NL to be held in the Bank Room at The Sebel Melbourne, 394 Collins Street, Melbourne, Victoria on Friday 29th October 2010 at 11.00am (AEDST) and at any adjournment of that meeting.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1. Sale by Admiralty of its controlled entity, Sociedad Contractual Minera Vallenar Iron Company	☐	☐	☐
2. Ratification of 212,765,957 shares issued at \$0.0094 per share to clients of Lodge Partners on 16 March 2010	☐	☐	☐
3. Ratification of 99,692,546 shares issued at \$0.0064 per share to clients of Lodge Partners on 15 September 2010	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date ____/____/____

ADY

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Computershare +