ADMIRALTY RESOURCES

Admiralty Resources NL
ACN 010 195 972

Level 14, 200 Queen Street
Melbourne VIC 3000

[t] +61-3-96701838
[f] +61-3-9670 1898
[w] www.ady.com.au

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Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

PORT PREPARATION WELL ADVANCED FOR SHIPPING, PRODUCTION AHEAD OF SCHEDULE

The board of Admiralty Resources NL is delighted to announce that it has gained exclusive access to the Port of Caleta, Caldera and has finished the dredging required to prepare the port for vessels up to 222m in length. The Port Authority based in Valparaíso, Chile has issued a vessel permit with vessel displacement 66,000 tonnes and LOA of 222 metres, a substantial improvement on the previous certificate length of 165m. All buoys are in place.

Santa Barbara has decided to continue dredging and to have another certificate issued on Wednesday 28 February, 2007 to accommodate larger vessels given the increase in displacement and LOA approved. There is more than 50,000 tonnes of iron ore stockpiled at the port.

Forward production estimates (from Besalco who operate both Santa Barbara and Santa Fe where we have installed and are operating their plant) indicate that 1.875 million tonnes will be produced this calendar year, of which a maximum of 940,000 tonnes has been sold (subject to vessel size). By increasing port capacity, this will allow Santa Barbara to ship three vessels per month at the maximum draft (and subsequent vessel capacity) which has now been increased substantially as the length of the vessel permitted has been increased.

Both Western Bulk and Pacific Basin have advised they have suitable ships in the area for loading in late March. On the basis of three vessels per month for nine months until the Port usage reverts to the fruit growers, we will be able to export 1.215 million tonnes. When the Candelaria Port conveyor is built in late 2007 the balance of the stockpiled production will be shipped through this facility, using Panamax ships. By increasing the depth at the Caleta Port, the option to load larger ships is available reducing the amount of stockpiled iron ore and increasing sales revenue in the second half of the Calendar year.

Further sales negotiations possibly on an FOB basis are scheduled to take place in March 2007 for the iron ore available. The spot market is described by our sales staff as being very robust at the moment, influenced by increased freight prices.

Yours sincerely,

Phillip Thomas

Phillip Thomas
Managing Director
[e] pthomas@ady.com.au