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ADMIRALTY MOVES TO 60% OWNERSHIP OF CIA MINERA SANTA BARBARA FOR USD15M

Highlights

- Admiralty Resources wholly owned subsidiary has acquired an additional 10% of Cia Minera Santa Barbara for USD$15 million from its joint venture partner
- Payment will be by issue of 10 million shares and USD$10m in cash
- The 10% purchase will increase Admiralty Resources stake to 60%, resulting in management and equity control
- This increase in equity will increase Admiralty Resources' earnings by 16% from the Joint Venture
- Both shareholders of Cia Minera Santa Barbara, Wyndham Explorations and Fortune Global Holdings Corporation (a 100% owned subsidiary of Admiralty Resources NL) are committed to the expansion of the Santa Barbara Northern Chile project to produce 5 million tonnes per annum of iron ore fines product when port capacity becomes available.

The board of Directors of Admiralty Resources is delighted to announce that it has reached agreement with its current 50% shareholder Wyndham Explorations SA to acquire a further 10% of Cia Minera Santa Barbara, the owner of the Santa Barbara iron ore project in Region Three in Northern Chile.

The acquisition cost is approximately USD$15m and will be paid for by issuing Wyndham Explorations SA with 10 million Admiralty Resources shares and payments totalling USD$10m in cash. The transaction will be finalised at the end of this week. Whilst the purchase price implies a current valuation of USD$150 million, the directors believe once the asset reserves are determined, a significant re-rating of the asset will occur.

Both parties are delighted at the outcome, and it will allow Admiralty Resources to aggressively pursue its objective to expand both the plant and the port capacity to the maximum permitted by its current environmental permits to increase the revenues earned by Cia Minera Santa Barbara. To date Santa Barbara has accessed finance from a USD$20m loan provided by Admiralty Resources, which must be repaid first prior to distributions being made to the shareholders.

The change in equity will become effective this week and further announcements on changes or additions to management, production, shipping and reserves will be made as they occur. The immediate focus is to ensure that the necessary equipment is delivered and installed at the new Santa Barbara plant to take it into full production at 100,000 tonnes of final product (63.5% iron ore fines) per month as soon as possible and that the recuperation continues to improve by improvements to the plant design, additional equipment and mine planning.

The Company has received a number of funding proposals and is expecting to finalise a debt facility to fund the purchase of shares and expansion of the project this week.

Phillip Thomas, Managing Director and fellow Director, Anthony Blumberg are currently at the Santa Barbara mine working with management and will meet with key strategic partners SRK Consulting who have been engaged to prepare a scoping study for the new plant expansion and a JORC calculation of the extent of the reserve at Japonesita, Primavera and Mariposa tenements which cover some 310 hectares. To-date, only 32 hectares at Japonesa have been assessed using JORC methodology calculating a measured and indicated resource. Please refer to the previous ASX release lodged on14 May 2007 for specific details. Cia Minera Santa Barbara (of which Admiralty Resources now holds 60%) has tenements that cover more than 11,000 hectares in the Chilean iron ore belt.

Yours sincerely,

Phillip Thomas
Managing Director
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