

ASX Company Announcement



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JAPONESA and JAPONESITA IRON ORE RESOURCE ESTIMATE INCREASED TO 84 MILLION TONNES

The Board of Directors are pleased to announce SRK Consulting, a global geological consulting group have completed their second major study on the Japonesita deposit at the Company's joint venture operation in Chile. The Japonesa deposit covers about 32 hectares and the Japonesita deposit about 96 hectares.

The final SRK resource estimate for the Japonesita tenement was calculated as follows:

Resource Classification	Total Iron Resource	
	Tonnage (Kilotonnes)	Iron Grade (Percent)
Measured	-	-
Indicated	21,901.80	19.7
Total Indicated	21,901.80	19.7
Inferred	20,723.70	24.7
Total Indicated and Inferred	42,625.50	

SRK's detailed report is attached. A further computation on a measured resource basis will be made after further drilling is completed.

On the 14 May 2007 we released information on the first SRK and Geos Consulting JORC compliant study which is summarized below:

- The total measured plus indicated resources at Japonesa as at end of December 2006 are 41.9million tonnes at an average grade of 13.87% Fe, using a cut-off of 9% Fe.
- There is an additional inferred resource of 6.4 million tonnes at 16.52% Fe.
- The calculation includes the stockpiles which contain approximately 3 million cubic metres of fines material, and the "tertel" ferro calcium carbonate deposits.

Yours sincerely,

Phillip Thomas
Managing Director
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JORC statement

The information in this report relating to exploration results at Japonesa is based on information compiled by Llyle Sawyer who is a member of the Australian Institute of Geoscientists. Llyle Sawyer is employed by Geos Mining. Llyle Sawyer has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Llyle Sawyer consents to the inclusion in the report of the matters based on his information in the form and context in which it appears."

Let 646/07
01-2109-03
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IRON MINERAL RESOURCE AT THE JAPONESITA DEPOSIT, CHILE

Minera Santa Bárbara S.A. (Santa Bárbara) commissioned SRK Consulting, Chile (SRK), to carry out a mineral resource estimation on their iron mineral deposit in Chile's IV Region.

This letter forms part of a more complete report that will detail the procedures and methodology used in estimating and classifying the mineral resources at the Japonesita deposit. In summary, Santa Bárbara has drilled to date 31 reverse circulation holes on the project totalling 4,136 metres, of which 29 holes (3,866 metres) were used to construct the geologic model and estimate the mineral resource. Samples were analysed in the Minera Santa Bárbara Laboratory in Vallenar, Chile.

Table 1 below, shows the stated classified iron mineral resources at Japonesita. These resources are considered to be Indicated Mineral Resources according to the definition in the 2004 edition of the Australasian Code for Reporting of Exploration Results (JORC). Inferred resources are shown separately.

Table 1. Mineral Resource Statement (JORC)* for the Japonesita Iron Project, Region IV, Chile, SRK Consulting (Chile) S.A., August 27, 2007.

Resource Classification	Total Iron Resource	
	Tonnage (Kilotonnes)	Iron Grade (Percent)
Measured	-	-
Indicated	21,901.8	19.7
Total Measured and Indicated	21,901.8	19.7
Inferred	20,723.7	24.7

* Reported at a cut-off of 15% percent Total Iron.

The following two tables show the sensitivity of the total resources to the cut-off grade.

Table 2. Japonesita Total Iron Resources by Grade Group and by Cut-Off Grade

Cut-off Grade FeT %	UG1 Fe 0-20%		UG2 Fe 20-30%		UG3 Fe 30-40%		UG4 Fe >40%		TOTAL	
	Tonnage	FeT	Tonnage	FeT	Tonnage	FeT	Tonnage	FeT	Tonnage	FeT
	T x 1000	%	T x 1000	%	T x 1000	%	T x 1000	%	T x 1000	%
40	0.0	0.0	15.1	43.0	424.3	43.8	354.7	44.9	794.1	44.3
30	50.6	32.0	1148.5	32.5	2665.9	35.2	931.7	39.5	4796.7	35.3
20	11176.1	22.0	7308.1	26.7	4012.0	32.3	951.0	39.2	23447.1	25.9
15	30311.1	19.2	7331.3	26.6	4030.0	32.3	953.1	39.2	42625.5	22.1
9	44316.0	16.9	7333.3	26.6	4030.3	32.3	953.6	39.2	56633.2	19.6
5	57547.5	14.6	7333.3	26.6	4030.3	32.3	953.6	39.2	69864.7	17.2
0	66202.9	13.2	7333.3	26.6	4030.3	32.3	953.6	39.2	78520.1	15.7
Total	66202.9	13.2	7333.3	26.6	4030.3	32.3	953.6	39.2	78520.1	15.7

Table 3. Japonesta Total Iron Resources by Resource Category and by Cut-Off Grade

Cut-off Grade FeT %	INDICATED		INFERRED		TOTAL	
	Tonnage	FeT	Tonnage	FeT	Tonnage	FeT
	T x 1000	%	T x 1000	%	T x 1000	%
40	169.1	45.6	625.0	43.9	794.1	44.3
30	644.0	37.0	4152.7	35.1	4796.7	35.3
20	8188.8	23.5	15258.4	27.2	23447.1	25.9
15	21901.8	19.7	20723.7	24.7	42625.5	22.1
9	34865.2	16.8	21768.1	24.1	56633.2	19.6
5	47101.5	14.3	22763.3	23.4	69864.7	17.2
0	55664.1	12.6	22856.0	23.3	78520.1	15.7
Total	55664.1	12.6	22856.0	23.3	78520.1	15.7

The geologic model was constructed by Santa Bárbara and reviewed and modified by SRK. This model consists of 8 vertical cross-sections oriented NW-SE, which are at a spacing of approximately 50 metres and 21 horizontal sections, with a 10 meter spacing. The current model was based on a total of 29 RC holes totalling 3,541 metres. Resources were estimated using the inverse distance squared methodology employing GEMCOM software.

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled and reviewed by George G. Even, Principal Geologist of SRK Consulting, Chile (SRK), in Santiago, who is a member of the AusIMM (overseas branch). Mr. Even has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Even consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Mr. Ernesto Jaramillo, Senior Resource Geologist of SRK Consulting, Chile, performed the review and modification of the geologic model supplied by Santa Bárbara, as well as the estimation and classification of the mineral resources.



George G. Even
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