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ADMIRALTY RESOURCES

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29 April 2005

Company Announcements Office
Australian Stock Exchange Limited
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

MARCH 2005 QUARTERLY REPORT

Highlights

- A 50% interest was acquired in February 2005 in Cia Minera Santa Barbara, a newly formed company that holds nine iron ore properties – named Japonesa, Japonesita, Mirador, Gibaiju, Pamela, Natasha and Tatiana in one group and Soberana and Negrita in another group. The extent of the reserves in four of the properties is estimated to exceed 41 million tonnes, however a ASX JORC compliant calculation is currently being calculated on a proven, possible, indicated and inferred basis'.
- $20 million in Converting Notes were placed with Intrepid International Finance Ltd which were subsequently placed with other institutional overseas investors. There were 1,960,784 notes placed at a face value of $5.10 each and there is another instalment due of $4.90 per note in February 2007. On payment of the final instalment, the notes convert to 200 million ordinary shares.
- Professor J Ross Harper CBE MA LLB D Univ. was appointed a Director and elected Chairman on 30 March 2005. Professor Harper holds a Bachelor of Laws and a Master of Arts degrees from Glasgow University. He was awarded an Honorary Doctorate for Services to Law at Glasgow University in 2002. Professor Harper is an Emeritus Professor of Law at Strathclyde University. He is chairman of Mining Scotland Ltd and its subsidiaries.
- Phillip Thomas was appointed Managing Director.
- Further due diligence work was completed on the Mistake Creek prospect in the Northern Territory with two of the three prospects being rejected as likely gold and diamond targets.
- Ekos Research completed the fiscal stability statement on the Rincon Salar project ensuring production can commence. A due diligence was completed on all currently held information to ensure our drilling data and other geological information is up to date. Drill hole analysis was carried out to confirm the geological structure.

- In the Philippines we are conducting due diligence and evaluating 21 samples on an iron ore sand deposit. We have signed an MOU that will allow us a due diligence period of 60 days to prove up or reject the deposit once all data is supplied to us and testing on samples is completed. This is of interest to us due to its proximity to Chinese and Japanese markets, excellent infrastructure, proximity of ore to the surface and the latest mining reforms in the Philippines encouraging foreign investment.

1. Key Objectives for the June Quarter

a. Finalise the implementation plan of each agreement entered into by Santa Barbara for installation of plant, supply of truck and train transport, port storage and loading facilities. Complete the parameters for the environmental study;

b. Finalise and implement the May and June work plan for the Rincon Salar, including trench and pond construction, core drilling, hydrological testing;

c. Complete the drilling and analytical testing for sodium sulphate and borates at the Rincon Salar and surrounding areas;

d. Complete due diligence of the Iron ore prospect in the Philippines, and within the 60 day period;

e. Finalise and implement the work plan for the Bulman lead zinc prospect, including preparation for discussions with the Traditional land Owners in July 2005.

2. Rincon Salar Project – Argentina

Sodium Sulphate and Borates

The Company will shortly be receiving a market research report for the demand and sales of sodium sulphate and boric acid which it will analyse and in conjunction with drilling results decide on the timeframe to implement the plant design and construction. During the quarter more than 300 holes were drilled and samples are currently being analysed.

(a) Geochemical sampling and trenching will be carried out in the two most promising locations in an attempt to establish their resources. The exploration program consists of:

1. Sodium Sulphate – located near Salar de Cauchari, Mina La Yaveña: 25 trenches excavated from the surface down to the clay basement – about 1.5 to 2.0 m below surface. Logging of salt facies, mineralogy, and analysis of recoverable sodium sulphate.
2. Ulexite, located near Salinas Grandes, Mina Cangrejillos; 600 trenches were excavated from the surface down to the phreatic level – about 1.5 to 2.0 m below surface. Logging of salt facies and mineralogy indicated that this deposit contains about 40,000 of ulexite – expressed as B_2O_3. Another property near Berlinger in Salar de Olaroz is being investigated.

(b) The above exploration program began in the field on 28 March 2005.

Lithium

A major technical review was completed of all available data and work conducted over the quarter. The results are summarised below:

- Most of the superficial waters enter the Salar subaerially in the north and the eastern sides of the Salar, forming a phreatic zone 30 to 40 cm below the Salar's surface, where the brines flow in an NNW-SSE direction. There are not significant groundwater flow fluctuations throughout the year.
- As the ground water infiltrates the Salar's crystalline mass, it becomes enriched in total dissolved solids.
- In the southern part of the Salar, the crystalline mass is made predominantly of halite suggesting that the volcanic structures in the south of the Salar act as an impervious contention barrier favouring salt enrichment in this region of the Salar.
- The chemical analysis of the brines collected from the sampling holes show that

    - There is no statistically significant difference in the chemistry of any of the boreholes perforated within the Csd unit of the Salar.
    - The brines total dissolved solids, dominated by Na+ and Cl-, do not show depth dependent variations.
    - SO4= concentrations increase with depth, however, the relative concentration of this anion does not affect the total ionic strength of the brines.
    - Ca++ concentrations decrease with depth. As in the case of sulphate, this cation does not affect the total ionic strength of the brines.
    - Borates occur in (i) the northwest playa, and (ii) in the northwest where borax was mined at Zuri. Both areas are associated with thermal activity and boron is genetically associated with subterraneous thermal springs.
    - Mineralogical tests show no evidence of any lithium or potassium minerals, indicating that both cations are present almost entirely in solution, and perhaps as very minor impurities in other minerals.
    - Lithium and potassium occurs only in solution, mostly in the brines contained the southern Csd unit.
    - There is a strong linear correlation between potassium and lithium concentrations:

$$[Li, mg/L] = 0.001412 + 0.05063\ [K, mg/L]$$

$$Li / K \approx 1/20$$

$$r2 = 0.91 \qquad n = 85$$

- The analytical results, presented in Table 1, can be summarised as:

Density	1.2180	±	1.070	g/ml
pH	7.16	±	0.16	
TDS, %	281,430	±	10,170	mg/kg
Cl-	153,030	±	16,210	mg/kg
Na+	93,550	±	11,220	mg/kg
Li+	332	±	45	mg/kg
K+	6,341	±	687	mg/kg
Mg++	2,750	±	687	mg/kg
Ca++	492	±	358	mg/kg
SO4=	9,221	±	3,309	mg/kg
B2O3	892	±	196	mg/kg

Corporate:

The following tasks were completed:

1. Legal Due Diligence on mining titles
2. Legal Due Diligence on Servitudes
3. Termination of office rental contract
4. Inscription of Argentina Diamonds Ltd as an employer
5. Termination of existing employment contracts:
6. Review of company's motor vehicles
7. Company reorganisation:

    7.1. Termination of Carlos Zimmerman as Director and General Manager.
    7.2. Termination of previous legal advisor, Hugo Fernández Esteban.
    7.3. Appointment of new legal advisor, Dr. Rodrigo Frías.
    7.4. Appointment of Dr. Rodrigo Frías as Agent in Argentina.
    7.5. Preparation of Accounting Balances to 31 December 2004 and preparation of Bank Reconciliation 1 Jan to 31 Mar 2005.
    7.6. Termination of current accountant.
    7.7. Appointment of new accountants.

8. Mining groups: An application has been lodged (No. 18.119) consolidating 26 mining properties into a single Mining Group. The remaining 8

properties cannot be consolidated at this time. Currently awaiting government approval.

9. GST rebate Law 24.196, application lodged. Awaiting government approval.

10. Application for fiscal stability completed but not lodged.

3. Mistake Creek, NT (EL 10096, EL 10097, EL 10098)

The agreement with Kajeena Mining Pty Ltd was reviewed and a decision taken by the Board to not proceed with EL's 10096 and 10098.

Phillip Thomas
Managing Director

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