ADMIRALTY RESOURCES

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Company Announcements Office
Australian Stock Exchange Limited
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RHEOCHEM LTD SIGNS HEADS OF AGREEMENT AND AGENCY AGREEMENT – WILL BUY UP TO 10,000 TONNES OF POTASH WORTH USD1,500,000

The Board of Admiralty Resources NL has reached agreement with Rheochem, a publicly listed company quoted on the AIM (Alternative Investment Market – code RHEP) of the London Stock Exchange to acquire between 3,500 and 10,000 tonnes per annum as principal and on an agency basis, Rheochem will sell an additional 30,000 tonnes of Potassium Chloride ("potash"). The current world price is US$150 per tonne and this price benchmark is referred to in the agreement.

Admiralty Resources plans to produce 40,000 tonnes of Potash per year commencing in 2006. Potash production is a precursor process to the production of lithium chloride. This is a welcomed development for Admiralty Resources' wholly owned subsidiary in Argentina, ADY Resources Ltd, as Rheochem have significant expertise in the sales of potash and other specialty chemicals. Rheochem is based in Perth, Western Australia, providing specialised technical services and chemicals to the international Petroleum and Mining industries.

The Rincon Salar brine deposit in Argentina is a significant multi-element deposit being developed by Admiralty Resources that is rich in lithium, potassium, magnesium and borates. Admiralty Resources will produce potash, lithium chloride, boric acid and sodium sulphate from its deposits in Argentina. This sales arrangement is consistent with the Board's strategy as stated and detailed at our website. For more details please go to www.ady.com.au.

Yours sincerely,

Phillip Thomas
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