



ADMIRALTY RESOURCES

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

MARCH 2006 QUARTERLY REPORT

HIGHLIGHTS

Corporate

- An equity line of credit facility was put in place with Cornell Capital Partners LLP. The facility is for US\$3m and the proceeds will be applied to the Santa Barbara iron ore project and the acquisition and installation of a pilot plant to produce lithium chloride and lithium carbonate (of which Potash is a by-product).
- We made a private placement of 7.018 million shares at 9.5 cents a share raising \$666,000 to a US institutional investor.
- The offices of Admiralty Resources NL were relocated to Level 14, 200 Queen Street, Melbourne.
- We have had detailed discussions with financiers to provide the finance for the working capital for the Iron ore joint venture, the development of the Punte Alcalde Port and the Rincon Salar ponds and processing plant construction at the Rincon Salar when it is required.
- CEO Phillip Thomas met with financiers in London and New York during January, he presented to a number of institutional investors, and visited the Santa Barbara office in Santiago to meet with the directors of Besalco and our joint venture partner during January and February.
- A trip was made to Japan in April to meet with car manufacturers interested in securing long term supplies of lithium carbonate and lithium chloride. The amount of lithium carbonate required per battery for a HEV or EV vehicle ranged from 1.2kg to 2.0kg per battery.
- Our December 2005 audit was completed and lodged with the Australian Stock Exchange including AIFRS reporting standards for the first time.
- Negotiations were concluded with our joint venture partner to expand the tenements included in the joint venture from 421 to 7,421 hectares. This additional tenement area may allow us to substantially increase our iron ore reserves after drilling and JORC reserve studies are completed.

- Taylor-Rafferty Investor Relations consultants arranged a number of media interviews and 18 presentations to institutional investors in New York and London.

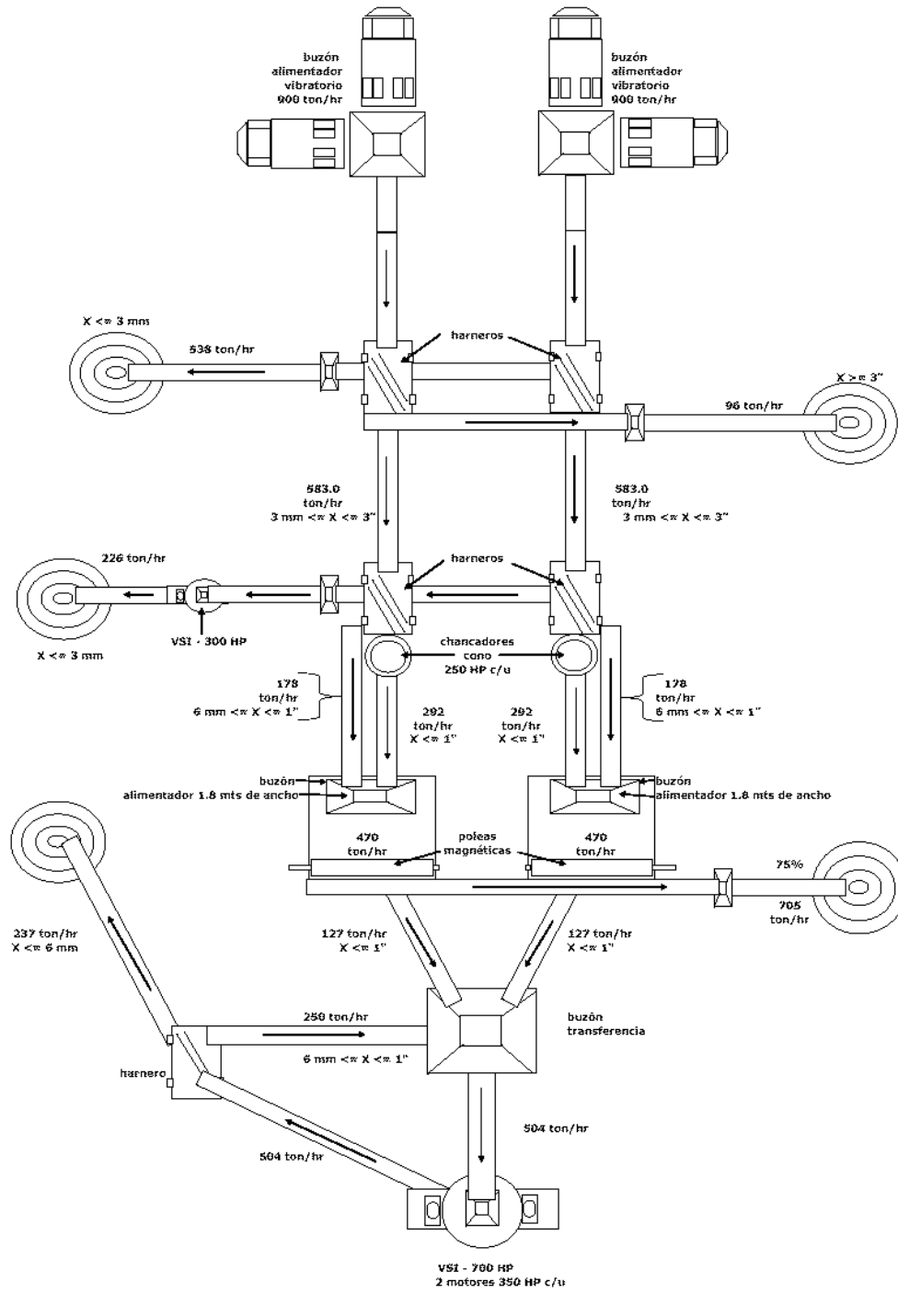
Chile – Santa Barbara

- Our Santa Barbara consultant geologist in Chile issued a paper in January 2006 detailing his estimate of the reserves at the Japonesa mine and the stockpiles of fines, however this estimate was withdrawn from ASX publication as the stockpile estimate was not JORC compliant. The number of millions of tonnes of ore exceeded previous estimates.
- SRK, the major international geological consulting organisation has been retained to complete two major tasks, a review of our drilling data and to create our next drilling campaign, and secondly to complete JORC compliant estimates of the reserves of some of the new and existing tenements. This work is expected to be completed in the next two months. There is a team currently at Vallenar in Chile at the moment inspecting some 25,000 drill hole samples.
- Besalco have put together a “junior” plant which will allow us to produce 15,000 tonnes per month of 3mm fines iron ore during May, June and July 2006. The iron ore is expected to be shipped in late July, 2006. The plant will process ores from different locations around the tenement assisting with mine planning for the large plant.
- The major plant is expected to be completed by August and process between 125,000 and 150,000 tonnes of ore each month. Eriez the high speed drum manufacturers have indicated our last 10 high speed drums are ready for shipping to Chile.

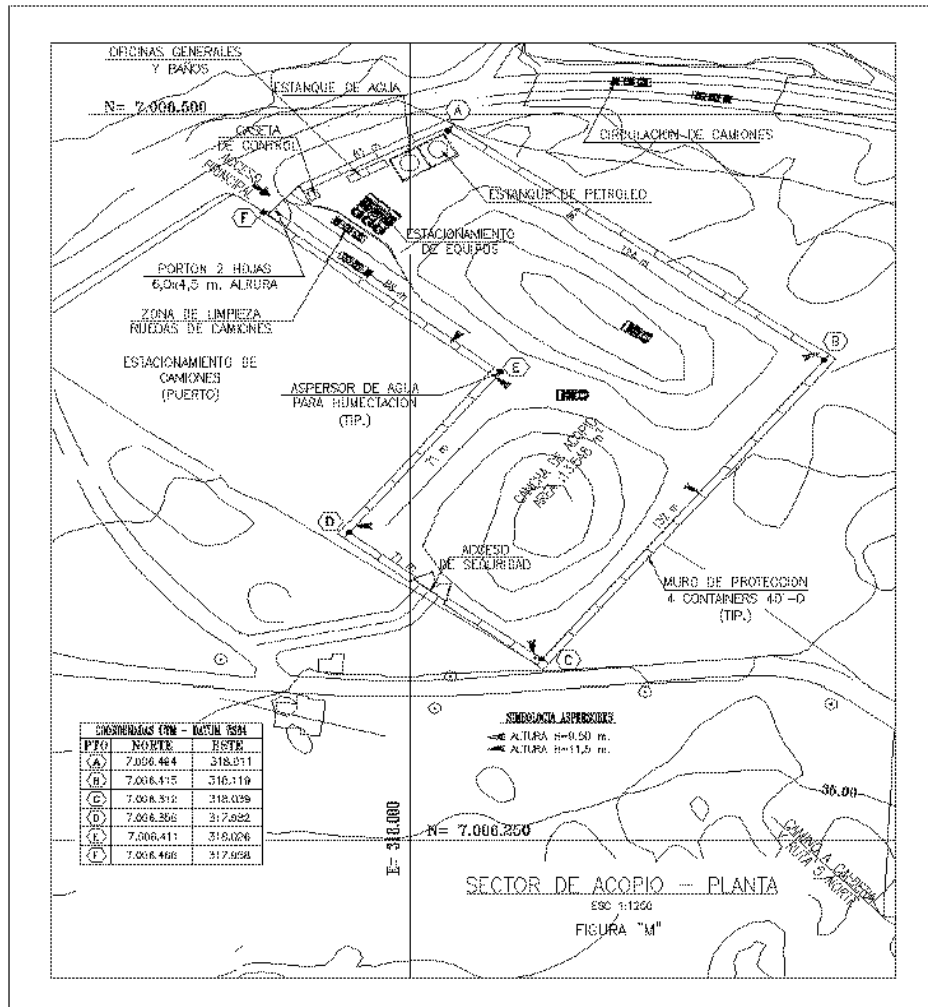


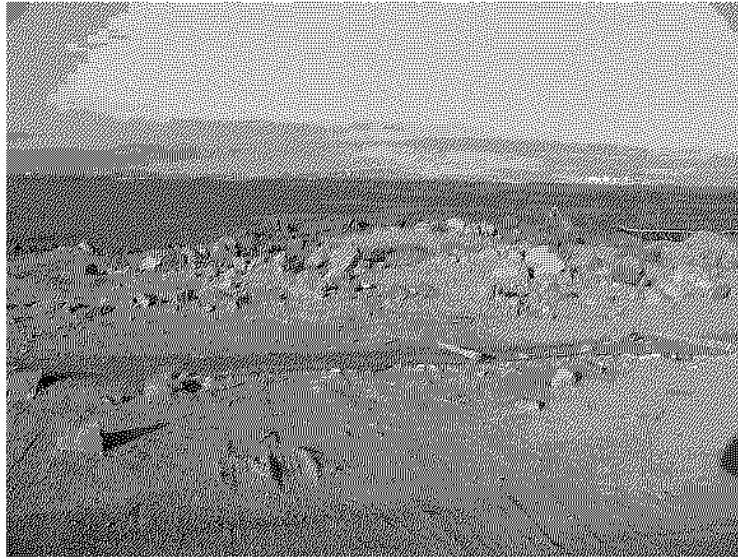
Four high speed drums and two magnetic conveyor belts ready to be installed

- Work has commenced on building the 350 metres by 100 metres wide concrete platform for mounting the plant and separation equipment.
- According to the plant specifications to allow processing of 1,600 tonnes per hour, the plant will operate 500 hours per month allowing at least 125,000 tonnes of ore to be produced per month assuming a 16% Fe grade.



- The Port of Caldera environmental study was presented to the environmental board last week. This study sets out every single aspect of the stockpile, the retaining walls around the stockpile which will be 10.32 metres high, the number and frequency of trucks, the dust covers between the ship and trucks, the loading hoppers and the laboratory and administration systems. We expect to have the certificate in the next month, before the end of May 2006. This is the final approval required to ship from the Port of Caldera.





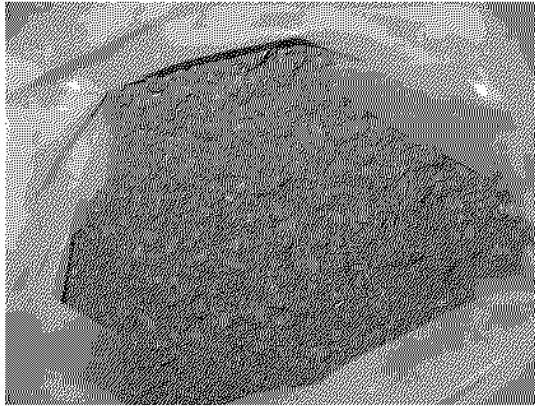
Stockpile area of Caldera ready for walls to be erected, with loading platform in the background

- Work continues on the future port site of Punte Alcalde, with more marine engineering reports having been received.



Port Location of Punte Alcalde with stockpile area in the background

- Cometals have been active talking with iron ore buyers and their requirements for fines and sinter feedstock. Price negotiations have not been finalised yet as they are waiting to see if CVRD and BHP negotiate a price increase which has been estimated to be as high as 24%. This would increase the DMTU price of 1% Fe (iron) from 61 cents to 75 cents or at 63% Fe from \$38.43 to \$47.25.



3mm iron ore fines at 63%

Argentina

- K-UTEC, a leading chemical process designer based in Sonderhausen, Germany have submitted their interim report providing two possible process options to produce 13,000 tonnes of lithium chloride. A decision has been taken to adopt the second option as it provides an 80% recovery of lithium chloride and increases production of potash to 70,000 tonnes per annum.
- Pilot plant construction has commenced at a scale of 1:100. The plant will be built in the town of JuJuy some 150 kilometres from the Rincon Salar. This is expected to be completed by October 2006 and production of 130 tonnes of lithium chloride and carbonate and 700 tonnes of potash to be completed shortly after.
- A further contract has been let to K-UTEC to design the final plant once the pilot plant is completed and fully operational and tested.
- Tenders are currently being let to build 7 square kilometres of ponds, 25 kilometres of roads and the laboratory.
- The issue regarding the new Argentinean central bank regulation 4447 dated 1 December 2005, that requires 30% of funds that are transferred to Argentina, has been resolved and funds are now flowing into our bank account in Argentina.
- Phillip Thomas presented at the Industrial Minerals conference in San Francisco recently and was delighted with the response from buyers seeking more information on the availability of lithium chloride, lithium carbonate and potash.

Bulman, Northern Territory

- We are evaluating a proposal to complete an anthropological study of the sacred sites on the Exploration licence application. This is a pre-requisite before the exploration licence is granted.

Pyke Hill Western Australia

- Cougar Metals NL have indicated they will be conducting a third drilling program to prove up the resource.

KEY OBJECTIVES FOR THE MARCH QUARTER

Corporate

- a. Finalise our working capital funding secured against stockpiled iron ore.

Chile

- a. Supervise Besalco for the delivery, installation and commissioning of the plant at Vallenar, prepare the port storage area and finalise engineering for the ship loading hopper system at Caldera.
- b. Finalise product specifications and arrange for buyers to visit the mines in conjunction with Cometals, our buyers and marketing agents.
- c. Work with Besalco (a publicly listed company in Chile) to install the "junior plant" crushers and conveyors.
- d. Besalco will acquire and install the shaking sieves, conveyors and other equipment and engineering as per their contract.
- e. Lay down the base for the stockpile and put up dust covers around the stockpile.
- f. Acquire all the laboratory equipment (\$275,000) and install at Vallenar.
- g. Open letters of credit for Iron ore export with Cometals (possibly June 06).

Argentina

- a. Review the final report from K-UTEC for the extraction process for potash and lithium chloride/lithium carbonate.
- b. Based on this report, continue with the hydrometallurgical and drilling contract to position the production wells and revise the JORC calculation once the effective porosity is known.
- c. In May, once the final K-UTEC report is received, confirm the thermodynamic characteristics of the natural evaporation to determine the engineering design parameters.



Phillip Thomas
Managing Director

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