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Australian Stock Exchange Limited
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RINCON SALAR, ARGENTINA UPDATE

PRODUCTION ESTIMATE INCREASED TO 17,000 TONNES LiCl

The Board of Admiralty Resources NL has received the interim report from K-UTEC, our German chemical engineering and technology partners that specialize in production of lithium salts and potash from brines. A review of the report has highlighted their innovative and lower cost method to reduce the level of magnesium in the brine prior to concentrating the lithium salts.

The most important aspects of their report are that:

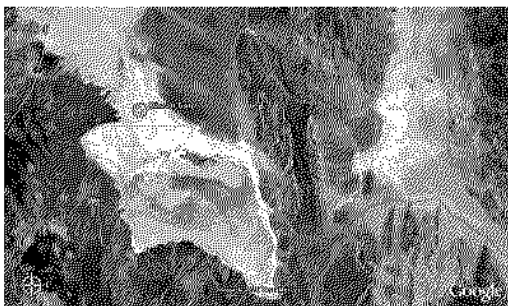
- From 5 square kilometres of evaporation ponds we estimate we will be able to produce 17,000 tonnes of lithium chloride and lithium carbonate.
- This implies an increase in revenue at \$4,200 per tonne for lithium chloride from US\$50.4 million per annum to US\$71.4 million. Lithium Carbonate sells at a slightly lower price however we feel this is a reasonable average value.
- The increase in production will not require an increase in capital expenditure.
- The corresponding increase in potash production is 40,000 tonnes to 62,000 tonnes an increase in revenue of about US\$3m.

Marketing and Sales

A number of representatives from Japanese battery component manufacturers will be visiting the Rincon Salar and ADY Resources Ltd offices in Salta, Argentina later this month to inspect the Rincon Salar.

Research and Development – Pilot Plant

Dr Carlos Sorentino advises he has installed the Lithium Chloride and Potash pilot plant equipment (the key pieces being a steam evaporator, lixiviation and crystallisation components) and is currently installing the laboratory and sensors. Three engineers from K-UTEC, Germany will visit in early June to assist with research and development.



Rincon Salar with Chilean border in yellow

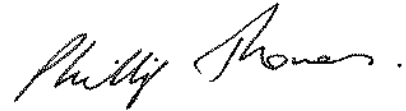


Road to Salar Olarez

Road Construction

Over the next two weeks we will complete the construction of the roads across the Salar and hire local security staff to live at the Salar and at our ulexite deposit at Salar Olarez.

Yours sincerely,

A handwritten signature in black ink that reads "Phillip Thomas". The signature is written in a cursive style with a period at the end.

Phillip Thomas
Managing Director
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