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Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
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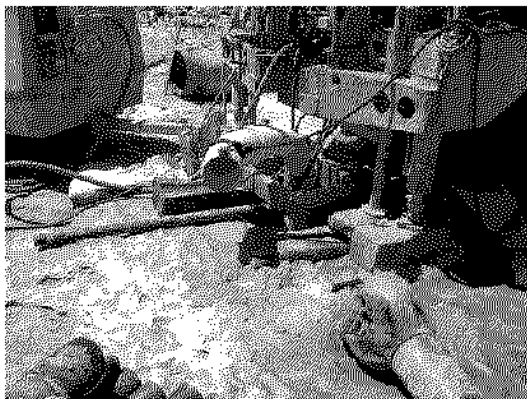
RINCON SALAR UPDATE

Production Well Completed - 250,000 Cubic Metres Per Hour Flow Rate

The board of Admiralty Resources NL is pleased to announce that our engineers have completed drilling and lining the first production well. This well was tested yesterday for flow rate and we are delighted to say that the hole flowed continuously at the maximum rate of the pump, being 250,000 cubic metres of brine in one hour. A total of 335,000 cubic metres was pumped out over one and half hours.

Production requires that 1,000,000 cubic metres be produced per day to fill each solar evaporation pond. Seven production wells are planned to be completed, but from these current results only one production well is theoretically required. The other six will be completed over the next 24 days, and connected to the pipeline. This flow statistic has resulted in a large energy saving for the project as only two production holes need to be operated two hours per day.

The most significant statistic of the exercise was that the brine surrounding the production well only dropped 4 cm during the test (called cone of depression) and when the pump was turned off it was observed in the four observation holes to return to its previous water level in less than five minutes. The implication of this is that the porosity is much higher than previously thought and the water pressure created by the flow of subterranean rivers into the salar is higher than or approximately equal to 250,000 cubic metres per hour. This evidence supports the view that the Salar has the ability to replenish the lithium extracted.



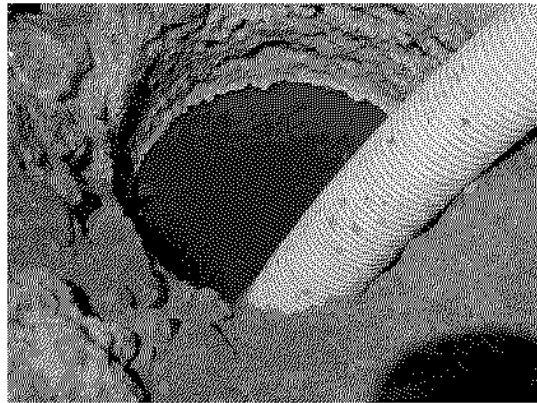
Production pump casing



Drilling rig and prime tank



Drill cores down to 50 metres showing salt crystals



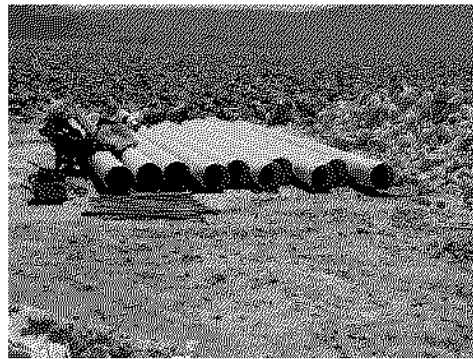
Salt crystallising on the surface

Brine Concentration

As previously reported, extensive drilling has been completed and we are satisfied the brine contains 340 ppm of lithium metal equivalent plus or minus 30 ppm. Brine will be pumped into the solar evaporation ponds, of which three at 5,000 square metres, 3,000 square metres and 400 square metres will be constructed and lined hopefully before Christmas 2006. When production begins, and the brine has evaporated to a concentration of 10,000 ppm, and the potash and salt has been extracted it will be put into a tanker and taken 50km to the production site at Cauchari.



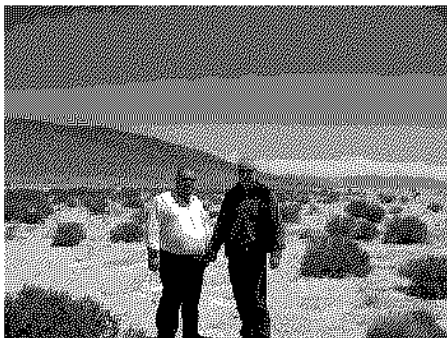
Gas terminal and railway at Production site



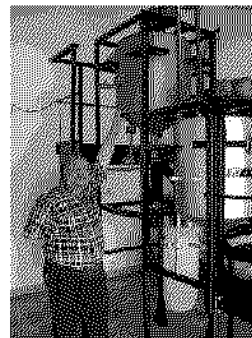
production well liners ready to line the well to 40 metres

Production Site

Planning is underway to build the production site at Cauchari. The gas terminal to produce steam and sodium carbonate has been located 400 metres from the proposed site. The railway line and the low voltage electricity line is less than 1 kilometre away.



Dr Sorentino and Phillip Thomas standing on the production site



Dr Sorentino at the Pilot Plant

Marketing

A group of buyers from Argentina completed due diligence at the Rincon Salar site and the laboratory. They were very impressed with engineering, production and the chemical process we have developed for purification.

Japan is still being under supplied and we continue to get enquires for lithium carbonate, lithium chloride and lithium hydroxide from manufacturers and trading houses for supply when production begins in late 2008.



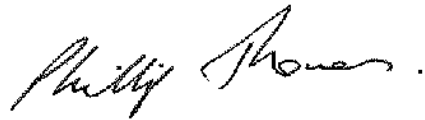
Buying group at 3,800m at Rincon Salar



Dr Frias showing pond construction site

A new JORC study of reserves will be completed when Schlumberger complete their wireline tests in the next month.

Yours sincerely,

A handwritten signature in cursive script, reading "Phillip Thomas".

Phillip Thomas
Managing Director
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