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## RINCON SALAR UPDATE

The directors of Admiralty Resources are pleased to announce the following progress at the Rincon Salar, in Argentina:

### Highlights

- **Good progress is being made to implement a US\$100m debt facility to build the Rincon Salar project with two project financiers;**
- **An interim debt facility for US\$6m is being put in place shortly, some of which will be used to progress the project;**
- **Environmental approval received to construct pre-production ponds at the Rincon site and complete the balance of the evaporation ponds;**
- **Excellent progress on construction and new financial estimates.**

**Pre-production ponds and pre-treatment plant design completed :** We have now finalized the detailed engineering and specifications for the ponds and pre-treatment plant and we are evaluating tenders for its construction – we have requested quotes from six mechanical manufacturers/earth moving engineers and we expect to select the final contractor in the next two weeks. The ponds and plant have received final environmental approval from the provincial government which was the key factor impeding progress. Each pond will be approximately one hectare in size. When all 500 ponds are completed, lined, pumps connected, instrumentation and piping installed, the total cost is expected to be approximately US\$24-\$27 million.

**Construction and Mining Camp :** We are awaiting municipal approval to commence the construction of the construction/mining camp in Rincón, on the 19 March 2007, and we are mobilising to start construction as soon as possible.

**Field Communications :** A satellite station providing voice, internet and data transmission will shortly be installed at the Rincon. The station will be placed in the mining camp with a micro or laser link to the meteorological station.

**Meteorological Station :** The meteorological station is working exceptionally well, and every 24 hours, the station records 3841 data points over wind speed, wind direction, air temperature, relative humidity, atmospheric pressure, solar radiation and precipitation. This allows us to better position the ponds to maximize evaporation, and explain the high rates of evaporation we are currently experiencing.

**Production Plant Flow Sheet and Construction Program :** We are now completing the Construction Program including detailed estimates of resources required, "B" grade financial estimates and the Gantt diagrams.

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**Exploration:** All the exploration has been completed in the field and we are now awaiting the laboratory results to finalise the report. We are aiming to have complete reports within 4 weeks.

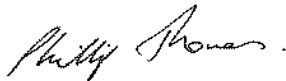
**Geochronology and radio-isotopic studies :** The University of Barcelona has commenced these studies aimed to establish a detailed geochronology of the Salar to ensure we understand the full economic potential of the resource.

**Environmental Impact Statement :** We have started to prepare an EIS for the whole extraction and production process that we intend to present for approval by the Provincial Government. Completion will be in the next few weeks. This will be the final environmental approval required.

**ISO certifications :** We are preparing the documentation required to certify the Laboratory to ISO 9001. We also are preparing the documentation for ISO 14001. This means we will be able to certify our own product quality for shipment to clients rather than using an independent laboratory. This will save time and expense.

**Expenditure:** The expenditure for the 12 months to date amounts to Arg Pesos \$ 4.4 million equivalent to US \$ 1,4 million. Expenditure to complete the Pilot Ponds and Pre-treatment Plant is estimated at US\$ 1.8 million over the next four months.

Yours sincerely,



**Phillip Thomas**  
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