



31 October 2008

Company Announcements Office
ASX Limited
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

SEPTEMBER 2008 QUARTERLY REPORT

HIGHLIGHTS

Corporate

- Admiralty was advised by the Supreme Court that its debt of A\$10.8m was due on 30 September 2008. Because Admiralty could not issue shares to raise equity until the next EGM or AGM, due to it having used its full allocation under the 15% rule, debt or disposal of assets were the only method practical for it to arrange repayment. The Receiver for Hawkswood Pty Ltd, Deloitte placed a fixed and floating charge over all the assets of Admiralty Resources NL further complicating the negotiation of debt finance.
- Admiralty Resources on 31 October 2008 released a press release regarding the disposal of the wholly owned subsidiary, Rincon Lithium Limited to Charge Resources Pty Ltd, for a price of A\$36.3m and a 10% participation opportunity for Admiralty Resources should the company float, where Admiralty is entitled to a 15% discount to the IPO price.
- Cia Minera Santa Barbara changed its name to Vallenar Iron Company.
- Vallenar Iron Company sold 69,500 tonnes of iron ore in October 2008 at a weighted average spot price of US\$82 CIF in a very depressed market. The next shipments will be made in February 2009 for handymax ships at Caleta or a date to be advised for larger ships when agreements for additional port facilities have been put in place.
- The Company will not proceed with its demerger project.
- Discussions with Shougang International Trade and Engineering Corporation regarding a US\$40m letter of credit was not able to be closed due to a number of issues the main one being the impact of the low steel prices, and surplus of iron ore. These discussions have been deferred till 2009.
- After detailed discussions with various financiers, the Board has decided to not pursue a corporate note issue or similar type of financing until the corporate debt markets improve and investors are prepared to consider this type of debt instrument.
- Pyke Hill Resources Pty Ltd was successful in its case against Richfile and its successor Richore Pty Ltd and a decision regarding reimbursement of expenses was made on 30 October 2008. We are waiting to receive the

written decision from the WA Mining Warden's before issuing a full press release.

Vallenar Iron Company (VIC) – Chile

- VIC plant continued to operate at between 17,000 and 24,000 tonnes per month. Negotiations with Besalco are continuing to find a way of improving this production rate.
- Japonésita Indicated and Inferred Resource Estimation increased by 5.0 million tonnes to 47.0 million tonnes at 21.6% Fe, based on more complete density data, the resource containing more iron than previously calculated. The 15% Fe cut-off grade indicates there is an Indicated Resource of 15.1m tonnes, however the mine is operating with ore as low as 9%, providing a potential indicated and inferred resource of 66.2 million tonnes at 18.8% Fe. At a seven to one ratio using 18.8% iron ore, the mine is capable of producing 9.45 million tonnes of final product, giving this area at 2.0m tonnes per annum nearly five years mine life and US\$434m at 2007 international benchmark prices. We expect due to the 50% reduction in steel prices, lower demand for steel and surplus iron ore in China, that prices will be softer in the near term.
- Discussions to further advance negotiations are being held with WISCO in November around the terms of the Heads of Agreement signed on the 10 October 2007 to supply 1.3m tonnes per year and the Heads of Agreement for a possible joint venture.

Bulman

- Drilling of more than 20 R/C holes were completed in June/July 2008. A press release was provided to the market Geos Mining Consultants evaluating the results of the various drilling targets and the drilling results from the two mineral leases 726 and 727. Further work will be required after the wet season to understand the geological depositional environment and test the various mineralised zones that had been targeted.

KEY OBJECTIVES FOR THE SEP TO DEC 2008 QUARTER

These are being established by the board given the increase in working capital due to the sale of the Rincon Lithium asset and the various negotiations being held.



Phillip Thomas
Managing Director

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