

ADDENDUM TO NOTICE OF ANNUAL GENERAL MEETING

This notice is an addendum to the notice of meeting sent to shareholders of Admiralty Resources NL (ACN 010195972) ("**Company**") on 8 November 2004 in respect of the Annual General Meeting of Members of the Company to be held at the Sheraton on the Park, Macquarie Room, Level 5, 161 Elizabeth Street, Sydney NSW on 10 December 2004 at 10.00am (Sydney time).

Converting note issue

As set out in the notice of meeting the following resolution is proposed to be passed by special resolution:

"That, pursuant to and in accordance with Listing Rule 11.1 and 7.1 of the ASX Listing Rules and for all other purposes, the directors of the Company be hereby authorised to enter into an agreement with Intrepid Finance International Ltd ("**Intrepid Finance**"), to issue up to A\$50 million in two year converting notes that will convert to shares at the end of two years ("**Notes**")."

1. Further explanation on the structure of the Notes

The Notes have the characteristics of a loan in that there is an interest rate of 7.25% pa payable by the Company. Interest is payable only on the amount of the first instalment. On maturity of the Notes, rather than the Company just repaying the amount outstanding, there is an opportunity for the Company to issue more shares, (a maximum of 500 million shares on receipt of a total of \$50 million in funds) and thus not have to repay the full value of the Notes. This is an attractive part of the Note facility.

The Notes will initially be issued to Intrepid Finance under the terms of the Subscription Agreement. Intrepid Finance will immediately transfer the Notes on the same terms to investors resident outside Australia ("**Noteholders**"). Australian investors and Admiralty Resources share holders can not participate in the Note sale by Intrepid Finance. The Appendix to this Addendum provides a diagram illustrating the structure of the Notes.

As discussed in Item 6 of the Explanatory Notes to the Agenda, the face value of the Notes will be A\$10 payable in two instalments. The first instalment payable on issue, will be 51% of the face value (\$10) or the A\$ equivalent of current share price by a factor of 10, whichever is the greater. For example, if the prevailing share market price at the time of issuance is 25 cents per share,

the first instalment will be A\$5.10. However, should the share price be 65 cents per share, the first instalment will be A\$6.50 because the share price is the greater amount. The Company will receive the first instalment amount on issue of the Notes.

The final instalment will be the difference between the first instalment and the face value of the Notes and will be due and payable on the second anniversary of the completion date. Noteholders will be required to make the final instalment payment (whether or not it is economic to do so, given the price at which the shares are trading). In the event that a Note holder does not make the final payment, the investment will be forfeited. The Company is therefore not exposed to Noteholder insolvency or settlement risk.

In all other circumstances, the Notes will convert into a fixed number of ordinary shares, calculated on issue of the note. Section 3 of this Addendum discusses the effect of conversion on the Company's share structure.

Intrepid Finance will pay the final instalment to the Company. Intrepid Finance will hold the final instalment on trust for the Company. This will ensure the Final Instalment is not exposed to credit and insolvency risk in relation to Intrepid Finance.

Interest payments will be made over the 24 month term of the Notes. The interest rate to be paid in respect of the first instalment of the Notes is as follows:

- (a) The Company will pay interest at a fixed rate of 7.25% per annum to Intrepid Finance; and
- (b) Intrepid Finance will pay interest at a fixed rate of 6.5% per annum to holders to whom the Notes are on sold by Intrepid Finance; and
- (c) The Company will pay interest at a floating rate (linked to the amount of any dividends declared in respect of the ordinary shares of the Company) to the holders of the Notes. No interest is payable by the Company to the holders of the Notes if no dividends are declared by the Company.

Following conversion of the Notes to Shares, the Noteholder may choose to continue its investment in the Company as an ordinary shareholder or to exercise the rights conferred under the put option and sell the ordinary shares back to the Company for an amount equivalent to the face value.

The Company must have sufficient funds or other arrangements in place at the second anniversary of the note issue to ensure that it can fund the purchase of the shares put to the Company and will not be spending any of the funds received from the payment of the second instalment until the total number of shares to be put to the Company is known. If the share price on the date of the second instalment is higher than 10 cents per share no shares are expected to be put to the Company.

The Company intends to monitor the situation closely prior to the second instalment date and will have a facility for payment of the put option if required.

2. Purpose of funds raised

The funding for our projects will come from the Note Issue. The Company has four key projects being the Rincon Salar Lithium, Potash and Boron salt lake deposit in Argentina, the Mistake Creek gold/diamond/barite project and the Bulman Lead and Zinc Oxide deposit in the Northern Territory and a possible iron ore deposit in Chile. If Intrepid Finance raise \$25 million, which is the maximum amount available from the first instalment, the priority for expenditure is:

1.	Rincon Salar	\$6 million
2.	Share Buy back	\$5 million
3.	Chile Iron Ore Project	\$6.5 million
4.	Mistake Creek	\$1 million
5.	Bulman	\$0.5 million
6.	Rincon Salar Phase II	\$6 million

In the event that we receive \$10 million from the sale of Notes or a lesser amount, the funds will be spread across the first four project items listed above, with priority for the Rincon Salar until further funding is received. Subject to further negotiations and due diligence the iron ore project expenditure will be more accurately determined when we know the funds are available. In the event that we do not proceed with the Iron Ore project, then this amount of \$6.5m will be allocated to the other projects, most notably the Rincon Salar project.

Our press release on the 18 August 2004 noted that

“Chilean Iron Ore Projects

The Board of Admiralty Resources are arranging for their Argentinean based Consultant Geologist, Charles Zimmerman to complete due diligence on up to four new iron prospects that have been offered to Admiralty. This due diligence follows on from the initial data analysed by Admiralty’s Australian consultant geologist and subsequently reported to the Board.

In the event that the four Chilean iron ore prospects are deemed to be economically viable, the Board will finalise negotiations with the vendor.

The Board has completed its preliminary due diligence on the El Tofo prospect, north of La Serena, Chile. The lumps alluvial deposit was estimated to be about 1 million tonnes, with a 20%-30% recovery at surface level. The extent of the ore fines has not been as yet finally estimated. The Board has decided that it will endeavour to acquire other iron deposits before it enters a joint venture arrangement to mine the El Tofo deposit to ensure it can secure large takeoff contracts of between 200,000 and 400,000 tonnes per annum with iron and steel manufacturers.”

Share Buy-Back

Subject to AGM approval up to \$5.0 million will be spent to acquire up to 15% of the capital of the shares in the Company. It is our intention to complete this buyback to manage our capital and to ensure the possible issue of shares at a later date has less of a dilution impact on existing shareholders.

Rincon Salar

The major tasks that are required to be funded to get the deposit into pilot production in phase one are:

Infrastructure

Highway upgrade	\$250,000
20 km of roads through the Rincon Salar	\$350,000
Purchase and Installation of weather stations, Water access through boreholes and tanks, Power takeoff facility to 440V 3 phase	\$200,000
Upgrading storage, new administration block	\$175,000
Computer/testing facilities	\$100,000
Security fences and alarms, personnel	\$100,000

Data Collection Phase

Drilling and core sampling	\$300,000
Isotope testing and mapping	\$500,000
Porosity, flow and geohydrological data	\$200,000

Pilot Phase Chemistry

Construction of Pilot Ponds	\$750,000
Phase chemistry pilot plant	\$1,000,000
Lining pilot ponds – polyethylene etc	800,000
Salt moving equipment, pumps, filters, pipes, chemical management equipment	\$250,000
Salt fractionation pilot plant	\$500,000
Total	\$5,475,000

Once the Rincon Salar is producing at pilot plant stage efficiently, we will allocate up to another \$6,000,000 to build a commercial plant which includes several evaporation ponds, crystal separation and membrane equipment, hoppers and loading equipment. This plant may be constructed in two locations Salta and the Rincon Salar in Argentina.

A further \$5,000,000 will be spent setting up a boron and potash plant if the results from the pilot plant are encouraging.

Iron Ore Projects

The Iron ore projects we are currently completing due diligence on will require an initial amount to purchase or rent the iron ore tenements. We intend to allocate up to \$10 million to acquire these. Shareholders will be kept informed of the status of this project as we pass each stage of development.

Mistake Creek

The agreement we have with Kajeena Mining NL commits us to spend \$72,000 by 13 December 2005, and in the next two years \$700,000 to earn a 70% interest in the deposit. To date, we have budgeted about \$100,000 until the rainy season finishes. The \$800,000 required to get to the next stage of development will be paid from this fund raising.

Bulman

The Bulman deposit requires about \$500,000 to get to the stage of identifying and calculating the proven resource. However, we have negotiations to complete with the traditional owners and so this will need to be finalised before work commences.

Other projects

We have a number of interesting prospects in precious and base metals that we may chose to exploit with the available surplus capital, should we be successful raising the maximum amount.

3. Explanation of effect on share structure

Pursuant to the terms of the Notes, each Note will convert into 100 ordinary shares of the Company (subject to any adjustments necessary in accordance with the terms of the Notes) on the date falling on the second anniversary of the date on which the Notes were issued.

Early Redemption

The Note Deed Poll allows the Company to redeem all (but not some) of the Notes early on the occurrence of certain events (including, but not limited to a change of law).

The following table sets out the effect of the conversion as reflected against the current ordinary shares on issue by the Company.

Number of ordinary shares currently on issue	450,342,630
Ordinary shares issued on conversion of Notes	500,000,000
Total number of ordinary shares after conversion assuming no other changes to share structure and no share buy-back:	950,342,630

It should also be noted that the terms of the Notes provide a right for a holder of a Note, once conversion into ordinary shares occurs, to put the ordinary shares to the Company. The Company will be under a contractual obligation (subject to the Company complying with all relevant laws and ASX listing rules) to buy-back any shares in respect of which a holder exercises this put option right.

Ratification of placement - ordinary share issue

As set out in the notice of meeting the following resolution is proposed to be passed by special resolution:

"That, pursuant to and in accordance with Listing Rule 7.4 of the Listing Rules of the Australian Stock Exchange Limited, the Company approve and ratify the issue of 56,000,000 fully paid ordinary shares in the capital of the Company issued between 22 March and 1 April 2004 at a price of A\$0.03 each for shares issued to clients of WFI Securities Limited to raise A\$1.68 million."

1. Detail of allottees

The following table sets out the names of allottees to which the above shares were issued:

Name of allottee	Number of shares
Andrew Petrie	300,000
Bo Chu Wong	2,000,000
Christopher Lindsay Bollam	300,000
De Min Zhang	3,333,333
Denise Monk	700,000
Derek Beresford	1,000,000
Frank Gangemi	1,150,000
Guido Pedri	1,500,000
Hongbiao Fu	3,600,000
Jie Ying Situ	3,000,000
Joe Radici	300,000
Lay Kee Tay	7,600,000
Mei Feng Xu	5,000,000
Michael Ashton	300,000
Michael Santi	1,300,000
Mick Dosanjh	4,000,000
Peter Yu	6,000,000
Phillip Harris	400,000
Pok Chi Ng	3,600,000
Pok Chi Ng	1,680,000
Richard Boyer	350,000
Robert Goff	650,000
Rosalie Rothlin	330,000
Rosemarie Bernal Soh	350,000
Russel Harris	400,000
WHI Securities Limited	2,306,667
Yu-Hsiang Huang	5,600,000

Approval of directors' fees

As set out in the notice of meeting the following resolution is proposed to be passed by ordinary resolution:

"That the maximum total directors' fees payable to all non-executive directors in aggregate per annum be set at A\$250,000"

1. Restatement of resolution

Please note that the proposed resolution is restated as follows:

"That, pursuant to and in accordance with Listing Rule 10.17, the maximum total directors' fees payable to all non-executive directors in aggregate per annum be set at A\$250,000".

2. Further detail

Please note that as the non-executive directors of the Company have not received any remuneration for their services in the 2004 financial year, the maximum increase in non-executive directors' fees is A\$250,000.

Approval of on-market share buy-back

As set out in the notice of meeting the following resolution is proposed to be passed by special resolution:

"That, in accordance with section 257C(1) of the Corporations Act and for all other purposes, the shareholders of the Company hereby approve and authorise the Company to buy-back up to a maximum of 15% of the fully paid ordinary shares in the capital of the Company over a six month period commencing 1 January 2005 on terms summarised in the accompanying Explanatory Notes."

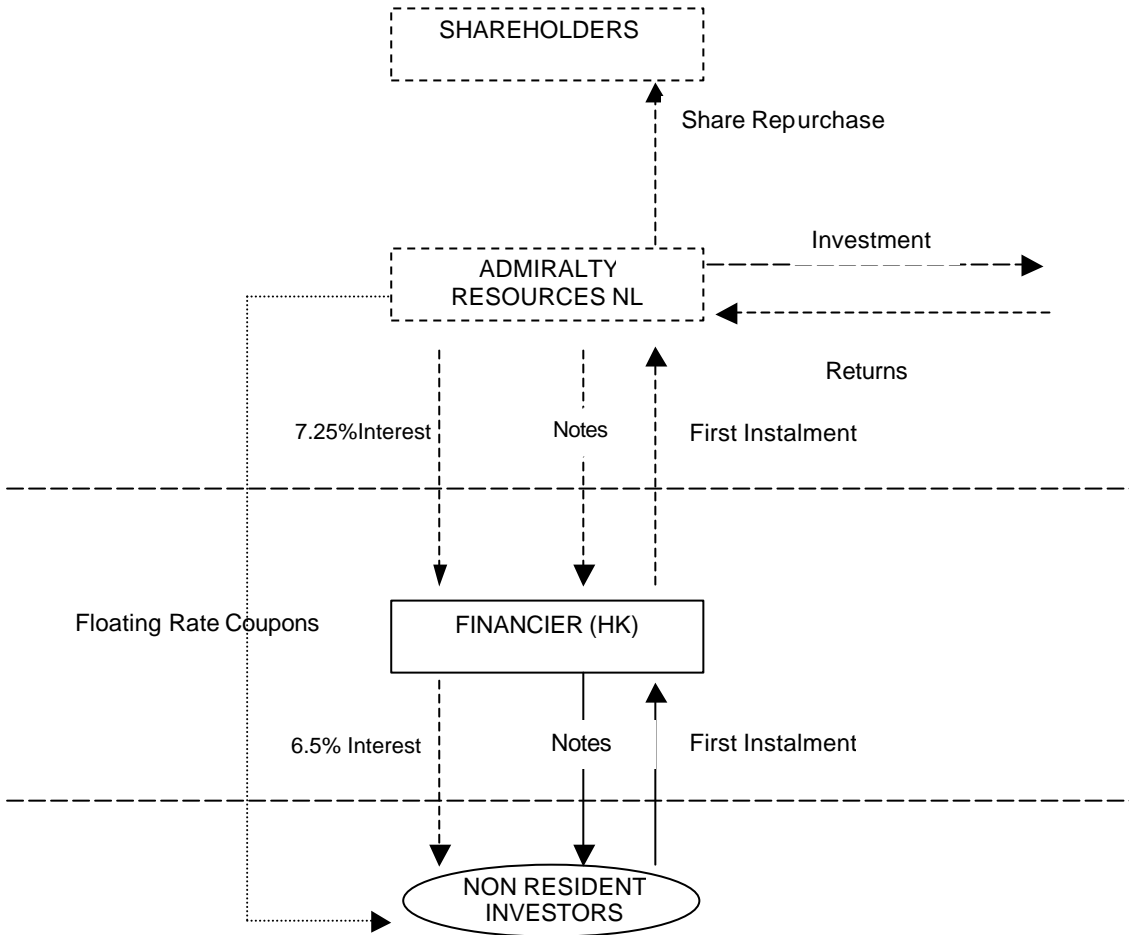
1. Share price

In the Explanatory Notes (attached to the notice of meeting) the current share price of the Company's shares is discussed. In addition to that information, the following table provides further information in respect of the Company's share price:

Time period	Share price high	Share price low
Last 3 months*	\$0.033	\$0.023
Last 12 months*	\$0.037	\$0.022

*Source: Computershare – Share Registry 12 November 2004

Appendix – Converting Note Structure Diagram



Schedule 1 - Conditions to the Note Deed Poll

The following are the conditions which apply to each Note constituted by this deed. Definitions and interpretation provisions are set out in Condition 19 ("Interpretation").

1 Introduction

General

Each Note:

- (a) is unsecured;
 - (b) is a Partly-Paid Note on the Issue Date, the partly paid amount being equal to the First Instalment;
 - (c) will Convert into shares on the Conversion Date as set out in Condition 7;
 - (d) has a Face Value and denomination of A\$10;
 - (e) must be paid for by paying the First Instalment on the Issue Date;
 - (f) is transferable except by any person who is a resident of New Zealand or to any person resident in Australia;
 - (g) is denominated in Australian dollars.
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2 Form

2.1 Constitution under Note Deed Poll

Notes are debt obligations of the Issuer constituted by, and owing under, the Note Deed Poll.

2.2 Form

Notes are issued in registered form by entry in the Register.

2.3 No certificates

No certificates will be issued to Holders unless the Issuer determines that certificates should be available or are required by any applicable law.

3 Status

3.1 Status

Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer.

3.2 Ranking

Notes rank equally among themselves and at least equally with all other unsubordinated and unsecured obligations of the Issuer, except for liabilities mandatorily preferred by law.

4 Title and transfer of Notes

4.1 Title

Title to Notes passes when details of the transfer are entered in the Register.

4.2 Effect of entries in Register

Each entry in the Register in respect of a Note constitutes:

- (a) an unconditional and irrevocable undertaking by the Issuer to the Holder to pay all amounts in accordance with these Conditions; and
- (b) an entitlement to the other benefits given to Holders under these Conditions in respect of the relevant Note.

4.3 Register conclusive as to ownership

Entries in the Register in relation to a Note constitute conclusive evidence that the person so entered is the absolute owner of the Note subject to correction for fraud or error.

4.4 Non-recognition of interests

Except as required by law, the Issuer and the Registrar must treat the person whose name is entered in the Register as the holder of a Note as the absolute owner of that Note. This Condition applies whether or not a Note is overdue and despite any notice of ownership, trust or interest in the Note.

4.5 Joint holders

Where two or more persons are entered in the Register as the joint holders of the Note then they are taken to hold the Note as joint tenants with rights of survivorship, but the Registrar is not bound to register more than four persons as joint holders of the Note.

4.6 Transfers and Encumbrances

Notes may be transferred in whole but not in part to any person not resident in Australia unless the Holder is a resident of New Zealand, in which case that Holder may not transfer its Notes and otherwise in accordance with schedule 4.

A Holder who is a resident of New Zealand may not grant an Encumbrance or allow an Encumbrance to exist over a Note held by that Holder.

4.7 Compliance with laws

Notes may only be transferred if:

- (a) the offer or invitation giving rise to the transfer does not constitute an offer or invitation for which disclosure is required to be made to investors under Part 6D.2 of the Corporations Act; and
- (b) the transfer complies with any applicable law or directive of the jurisdiction where the transfer takes place and does not breach Condition 4.6.

4.8 Transfer procedures

Application for the transfer of Notes must be made by the lodgment of a transfer form with the Registrar. Transfer forms must be in the form available from the Registrar. Each transfer form must be:

- (a) duly completed;
- (b) accompanied by any evidence the Registrar may require to establish that the transfer form has been duly executed; and
- (c) signed by, or on behalf of, both the transferor and the transferee.

Transfers are registered without charge provided all applicable Taxes have been paid. The Registrar is not required to register any transfers in breach of Condition 4.6.

4.9 Effect of transfer

Upon registration and entry of the transferee in the Register the transferor ceases to be entitled to future benefits under these Conditions in respect of the transferred Notes and the transferee becomes so entitled in accordance with Condition 4.2 ("Effect of entries in Register").

5 Interest

5.1 Interest on Notes

Each Note bears interest from (and including) its Interest Commencement Date to (but excluding) its Conversion Date at the Interest Amount.

Interest is payable in arrear on each Interest Payment Date.

5.2 Interest Amount

The amount payable in respect of interest on each Interest Payment Date is the Interest Amount.

6 Conversion

6.1 Conversion Process

As long as the Final Instalment has been paid to the Issuer on or before the Conversion Date, the Conversion Process will occur on the Conversion Date as follows:

- (a) the Issuer must redeem the Note for an amount equal to the Face Value and pay any accrued and unpaid interest; and
- (b) the Issuer will apply the redemption proceeds for the issue to the Holder of 100 Shares for each Note which has been redeemed; and
- (c) cause the Holder to be entered in the register of members of the Issuer.

7 Conversion adjustments

7.1 Adjustment following a bonus issue or a rights issue

- (a) Subject to clause 7.1(b), if after the Issue Date the Issuer makes a pro-rata bonus issue or rights issue of Shares to Shareholders generally, the Conversion Number will be adjusted immediately in accordance with the following formula:

$$EN = EN_0 \times P \times \left[\frac{(RD + RN)}{(RD \times P) + (RN \times A)} \right]$$

Where:

EN means the Conversion Number applying immediately after the application of this formula (rounded to the nearest four decimal places);

EN₀ means 100;

P means the VWAP calculated in respect of the period from (and including) the first Business Day after the announcement of the bonus or rights issue to shareholders to (and including) the last Business Day of trading cum bonus or rights issue;

RN means the number of shares issued pursuant to the bonus issue or rights issue; and

RD means the number of shares on issue immediately prior to the issue of new shares pursuant to the bonus issue or rights issue.

A means, in the case of a bonus issue, zero and, in the case of a rights issue, the subscription price per new share.

- (b) No adjustment to an Conversion Number will occur if, in the formula in clause 7.1(a), **A** exceeds **P**.
- (c) Clause 7.1(a) does not apply to shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan or dividend reinvestment plan.

7.2 Adjustment following an off-market buyback

- (a) Subject to clause 7.2(b) if the Issuer undertakes a buyback of shares that is an off-market buyback, the Conversion Number will be adjusted immediately in accordance with the following formula:

$$EN = EN_0 \times P \times \left[\frac{(BD - BN)}{(BD \times P) - (BN \times A)} \right]$$

Where:

EN means the Conversion Number applying immediately after the application of this formula (rounded to the nearest four decimal places);

EN₀ means 100;

P means the VWAP calculated in respect of the period of 20 Business Days immediately prior to the announcement of the buyback to ASX;

A means the buyback price per Share;

BN means the number of Shares bought back pursuant to the buyback; and

BD means the number of Shares on issue immediately prior to the buyback.

- (b) No adjustment to an Conversion Number will occur if, in the formula in clause 7.2(a), **P** exceeds (or is equal to) **A**.

7.3 Adjustments in the case of a reconstruction

If at any time there is a reconstruction of the shares (including any consolidation, subdivision, reduction or return) which is not dealt with under clauses 7.1 and 7.2 (inclusive), then (subject to no additional benefits being conferred on the Holder which are not conferred on shareholders), in accordance with the Listing Rules, either:

- (a) the Conversion Number will be adjusted by the Issuer accordingly;
- (b) the Notes will be reconstructed, consolidated, divided or reclassified by the Issuer on the same basis and the Face Value will be adjusted by the Issuer accordingly; or
- (c) a combination of (a) and (b).

7.4 Ranking on Conversion

Shares issued upon Conversion shall rank pari passu with shares then on issue in all respects and have the benefit of all entitlements attaching to any shares issued at the same time.

7.5 Discretion in adjustments of Conversion mechanism

If any of the adjustment procedures set out in this clause 7 is not, in the reasonable opinion of the Directors, appropriate in any particular circumstances (including for the reason that more than one adjustment procedure applies to a particular occurrence) and the Directors determine that any such occurrence would, in the reasonable opinion of the Directors, affect the relative values of the Notes and shares, the Issuer may make such alterations to the Conversion Number as the Directors reasonably consider appropriate or necessary to maintain that relativity.

8 Final Instalment, redemption and Share option

8.1 Final Instalment

If by the Conversion Date:

a Holder has not paid the Final Instalment in respect of a Note to the Financier; or

the Financier has not paid the Final Instalment in respect of a Note to the Issuer,

then the Issuer will have no further obligations to the Holder, including, without limitation, by way repayment of principal, interest or issue of Shares.

8.2 Early redemption for changes in law

The Issuer may redeem all (but not some) of the Notes in whole before their Maturity Date at the First Instalment and any interest accrued on it to (but excluding) the redemption date if the Issuer (in its sole discretion) determines that its financial position is adversely affected by a Change in Tax Law.

However, the Issuer may only do so if:

- (a) the Issuer has given at least 15 days' (and no more than 60 days') notice to the Registrar, the Holders and any stock exchange or other relevant authority on which the Notes are listed; and
- (b) before the Issuer gives the notice under paragraph (a), the Registrar has received:
 - (i) a certificate signed by two directors of the Issuer; and
 - (ii) an opinion of independent legal or tax advisers of recognised standing in the jurisdiction of incorporation of the Issuer, that a change in Tax Law has occurred; and
- (c) the proposed redemption date is an Interest Payment Date and no notice of redemption is given earlier than 60 days before the Interest Payment Date occurring immediately before the date on which the change in Tax Law has taken effect.

8.3 Option of Holders to put Shares

If following a Conversion a Holder wishes the Issuer to purchase all or some of the Shares which that Holder has received as a result of the Conversion Process, the Issuer must buy-back those Shares specified by the Holder at the amount equal to the Face Value divided by 100 and any interest accrued on it to (but excluding) the redemption date if the following conditions are satisfied:

- (a) the Holder has given at least 30 days' (and no more than 60 days') notice, to the Issuer and the Registrar by delivering to the Registrar during normal business hours a completed and signed redemption notice in the form obtainable from the Registrar together with any evidence the Registrar may require to establish title of the Holder to the Note; and
- (b) the notice referred to in paragraph (a) specifies an account in Australia to which the payment should be made or an address to where a cheque for payment should be sent; and
- (c) the buy-back date is []; and
- (d) the Issuer has complied with all statutory and listing requirements.

8.4 Purchase

The Issuer may at any time purchase Notes in the open market or otherwise and at any price. If purchases are made by tender, tenders must be available to all Holders alike. Notes purchased under this Condition 8.4 may be held, resold or cancelled at the discretion of the purchaser and (if the Notes are to be cancelled, the Issuer), subject to compliance with any applicable law or requirement of any stock exchange or other relevant authority on which the Notes are listed.

9 Payments

9.1 Summary of payment provisions

Payments in respect of Notes must be made in accordance with Condition 9 ("Payments").

9.2 Payments subject to law

All payments are subject to applicable law, but without prejudice to the provisions of Condition 10 ("Taxation").

9.3 Payments on business days

If a payment is due on a day which is not a Business Day then the due date for payment is adjusted in accordance with the applicable Business Day Convention.

The Holder is not entitled to any additional payment in respect of that delay.

9.4 Currency indemnity

The Issuer waives any right it has in any jurisdiction to pay an amount other than in the currency in which it is due. However, if a Holder receives an amount in a currency other than that in which it is due:

- (a) it may convert the amount received into the due currency (even though it may be necessary to convert through a third currency to do so) on the day and at such rates (including spot rate, same day value rate or value tomorrow rate) as it reasonably considers appropriate. It may deduct its usual costs in connection with the conversion; and
- (b) the Issuer satisfies its obligation to pay in the due currency only to the extent of the amount of the due currency obtained from the conversion after deducting the costs of the conversion.

9.5 Payment of principal

Payments of principal in respect of a Note will be made to each person registered at 10.00 am on the payment date as the holder of a Note.

9.6 Payment of interest

Payments of interest in respect of a Note will be made to each person registered at the close of business on the Record Date as the holder of that Note.

9.7 Payments to accounts

Payments in respect of Notes will be made:

- (a) if the Notes are held in the Austraclear System, by crediting on the payment date, the amount due to:
 - (i) the account of Austraclear (as the Holder) in the country of the currency in which the Note is denominated previously notified to the Issuer and the Registrar; or
 - (ii) if requested by Austraclear, the accounts of the persons in whose Security Record (as defined in the Austraclear Regulations) a Note is recorded in the country of the currency in which the Note is denominated as previously notified by Austraclear to the Issuer and the Registrar in accordance with Austraclear Regulations; and
- (b) if the Notes are not held in the Austraclear System, by crediting on the payment date, the amount then due under each Note to an account in Australia previously notified by the Holder to the Issuer and the Registrar.

9.8 Payments by cheque

If the Holder has not notified the Registrar of an account to which payments to it must be made by the close of business on the Record Date, payments in respect of the Note will be made by cheque sent by prepaid post on the Business Day immediately before the payment date, at the risk of the registered Holder, to the Holder (or to the first named joint holder of the Note) at its address appearing in the Register at the close of business on the Record Date. Cheques sent to the nominated address of a Holder are taken to have been received by the Holder on the payment date and, no further amount is payable by the Issuer in respect of the Notes as a result of the Holder not receiving payment on the due date.

10 Taxation

10.1 No set-off, counterclaim or deductions

All payments in respect of the Notes must be made in full without set-off or counterclaim, and without any withholding or deduction in respect of Taxes, unless prohibited by law.

10.2 Withholding tax

Subject to Condition 10.3 (“Withholding tax exemptions”), if a law requires the Issuer to withhold or deduct an amount in respect of Taxes from a payment in respect of the Notes such that the Holder would not actually receive on the due date the full amount provided for under the Notes, then:

- (a) the Issuer agrees to deduct the amount for the Taxes (and any further withholding or deduction applicable to any further payment due under paragraph (b) below); and
- (b) if the amount deducted or withheld is in respect of Taxes imposed by a Relevant Tax Jurisdiction, the amount payable is increased so that, after making the deduction and further deductions applicable to additional amounts payable under this Condition, each Holder is entitled to receive (at the time the payment is due) the amount it would have received if no deductions or withholdings had been required to be made.

10.3 Withholding tax exemptions

The Issuer is not required to pay an Additional Amount under Condition 10.2(b) (“Withholding tax”) if the obligation to do so arises as a result of any one or more of the following:

- (a) the deduction is required in respect of Taxes by reason of the Holder having some connection with a Relevant Tax Jurisdiction other than the mere holding of the Note or receipt of payment in respect of the Note. However, a Holder is not regarded as having a connection with Australia for the reason that the Holder is a resident of Australia within the meaning of the Tax Act where, and to the extent those taxes are payable by reason of section 128B(2A) of the Australian Tax Act;
- (b) the deduction is required as a result of Taxes which would not be required to be deducted by the Holder (or the person making a payment on its behalf) if they:
 - (i) provided the Issuer, its agent or any tax authority with their name, address, registration number or similar details or any relevant tax exemption or similar details; or
 - (ii) ensured that any third party complied with any other statutory requirements (such as making a declaration of non-residence, supplying an appropriate Australian tax file number or Australian business number or other exemption details) for any relevant tax exemption;
- (c) the deduction is required as a result of a Holder being an Offshore Associate of the Issuer and the Holder is acting other than in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme within the meaning of the Corporations Act.

11 Time limit for claims

A claim against the Issuer for a payment under a Note is void unless made within 10 years (in the case of principal) or 5 years (in the case of interest and other amounts) from the date on which payment first became due.

12 Events of Default

12.1 Event of Default

An Event of Default occurs in relation to the Notes if:

- (a) **(payment and Conversion)** the Issuer does not pay within [10] Business Days of the due date for payment any amount payable by it in respect of any Notes in the manner required or does not Convert the Notes on the Conversion Date; or
- (b) **(other default)** the Issuer does not comply with any other obligations in connection with the Notes and, if the non-compliance can be remedied, does not remedy the non-compliance within 30 days after written notice requiring that default to be remedied has been delivered to the Issuer by a Holder; or
- (c) **(insolvency)** the Issuer becomes Insolvent; or

- (d) **(obligations unenforceable)** any Note is or becomes (or is claimed to be by the Issuer, or anyone on its behalf) wholly or partly void, voidable or unenforceable.

12.2 Consequences of an Event of Default

If an Event of Default occurs and continues unremedied in relation to the Notes, then a Holder may declare by notice to the Issuer (with a copy to the Registrar) that each Note held by it is to be redeemed at its Face Value (together with any accrued interest) in which case those amounts become immediately due and payable.

12.3 Notification

If an Event of Default occurs, the Issuer must promptly after becoming aware of it notify the Registrar of the occurrence of the Event of Default (specifying details of it) and use its reasonable endeavours to ensure that the Registrar promptly notifies Holders, each other Agent and any stock exchange or other relevant authority on which the Notes are listed of the occurrence of the Event of Default.

13 Agents

13.1 Role of Agents

In acting under an Agency Agreement, each Agent acts solely as agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for or with any Holder.

13.2 Appointment and replacement of Agents

Subject to Condition 13.4 ("Required Agents"), the Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor.

13.3 Change of Agent

Notice of any change of a Agent or its Specified Offices must promptly be given to the Holders by the Issuer or the Agent on its behalf.

13.4 Required Agents

The Issuer must at all times maintain a Registrar.

14 Meetings of Holders

The Meetings Provisions contain provisions (which have effect as if incorporated in these Conditions) for convening meetings of the Holders to consider any matter affecting their interests, including any variation of these Conditions by Extraordinary Resolution.

15 Variation

15.1 Variation with consent

Unless Condition 15.2 ("Variation without consent") applies, any Condition may be varied at the request of the Issuer with the consent of the Holders by Extraordinary Resolution in accordance with the Meetings Provisions.

15.2 Variation without consent

Any Condition may be amended without the consent of the Holders if the amendment:

- (a) is of a formal, minor or technical nature;
- (b) is made to correct a manifest error;
- (c) is made to cure any ambiguity or correct or supplement any defective or inconsistent provision and, in the reasonable opinion of the Issuer, is not materially prejudicial to the interests of the Holders; or
- (d) only applies to Notes issued by it after the date of amendment.

16 Further issues

The Issuer may from time to time, without the consent of the Holders, issue further Notes having the same Conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

17 Notices**17.1 Notices to Holders**

All notices and other communications to Holders must be in writing and must be left at the address of or sent by prepaid post (airmail, if appropriate) to the address of the Holder (as shown in the Register at the close of business on the day which is 3 Business Days before the date of the notice or communication).

They may also be given by an advertisement published in any one of the Australian Financial Review, The Australian, the National Business Review or the NZ Herald or the Asian Wall Street Journal.

17.2 Notices to the Issuer and the Agents

All notices and other communications to the Issuer or an Agent must be in writing and may be left at the address of, or sent by prepaid post (airmail, if appropriate) to, the Specified Office of the Issuer or the Agent.

17.3 When effective

They take effect from the time they are received unless a later time is specified in them.

17.4 Deemed receipt - publication in newspaper

If published in a newspaper, they are taken to be received on the first date that publication has been made in all the required newspapers.

17.5 Deemed receipt - postal

If sent by post, they are taken to be received five days after posting.

18 Governing law**18.1 Governing law**

Notes are governed by the law in force in New South Wales.

18.2 Jurisdiction

The Issuer submits, and each Holder is taken to have submitted, to the non-exclusive jurisdiction of the courts of New South Wales and courts of appeal from them. The Issuer waives any right it has to object to an action being brought in those courts including by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

18.3 Serving documents

Without preventing any other method of service, any document in any action may be served on the Issuer or a Holder by being delivered or left at their registered office or principal place of business.

19 Interpretation**19.1 Definitions**

In these Conditions the following expressions have the following meanings:

Additional Amount means an additional amount payable by the Issuer under Condition 10.2 ("Withholding tax").

Australian Tax Act means the Income Tax Assessment Act 1936 of Australia and where applicable, the Income Tax Assessment Act 1997 of Australia.

Beneficiary means, in respect of a Note, the Holder of that Note from whom the Financier has received payment of the Final Instalment on the Conversion Date.

Business Day means a day on which banks are open for general banking business in Sydney.

Change in Tax Law occurs if the directors of the Issuer resolve that a change in any taxation law, regulation, interpretation or ruling issued by any relevant government body, or a change in interpretation as decided by a court of law, has occurred or is announced and that change may result in a more than negligible increase in costs or denial of a deduction or other tax benefit for the Issuer or as a result of the Notes being on issue.

Conversion means the redemption of the Notes by the Issuer and the issue by the Issuer of Shares in accordance with the Conversion Process.

Conversion Date means the date falling on the second anniversary of the Issue Date.

Conversion Number means in respect of a Holder, 100 as adjusted pursuant to Condition 7.

Conversion Process means the process described in Condition 6.

Corporations Act means the Corporations Act 2001 of Australia.

Encumbrance means any security for the payment of money or the performance of obligations including a mortgage, charge, lien or pledge.

Event of Default means an event so described in Condition 12 ("Events of Default").

Extraordinary Resolution has the meaning given in the Meetings Provisions.

Face Value in respect of each Note, means A\$[10].

Final Instalment means in respect of a Note, the Face Value minus the First Instalment for that Note.

First Instalment in respect of a Note, means the greater of:

Face Value x 0.51; and

the market value of a share in the Issuer as at 11.00am on the Issue Date for that Note multiplied by 100.

Holder means, in respect of a Note, each person whose name is entered in the Register as the holder of that **Note**.

Information Memorandum means any information memorandum, disclosure document or other material prepared in connection with the offer or issue of the Notes.

A person is **Insolvent** if:

- it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act); or
- it has a controller appointed, is in liquidation, in provisional liquidation, under administration or wound up or has had a receiver appointed to any part of its property (each as defined in the Corporations Act); or
- it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the Financier); or
- an application or order has been made (and, in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above; or
- it is taken (under section 459(F)(1) of the Corporations Act) to have failed to comply with a statutory demand; or

- it is the subject of an event described in section 459(C)(2)(b) or section 585 of the Corporations Act (or it makes a statement from which the Financier reasonably deduces it is so subject); or
- it is otherwise unable to pay its debts when they fall due; or
- something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.

Interest Amount means, in respect of an Interest Payment Date, the amount equal to: the amount of dividend paid to Shareholders during the Interest Period ending on that Interest Payment Date; multiplied by 100.

Interest Commencement Date means, for a Note, the Issue Date of the Note.

Interest Payment Date means each bi-annual date, being [] and [], commencing on [].

Interest Period means each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. However:

the first Interest Period commences on (and includes) the Interest Commencement Date; and the final Interest Period ends on (but excludes) the Conversion Date.

Issue Date means the date on which a Note is, or is to be issued as specified in the Register.

Issuer means Admiralty Resources NL.

Meetings Provisions means the provisions relating to meetings of Holders set out in schedule 2 of the Note Deed Poll.

Note means a mandatorily converting debt obligation issued or to be issued by the Issuer which is constituted by, and owing under the Note Deed Poll, the details of which are recorded in, and evidenced by, entry in, the Register.

Note Deed Poll means the deed poll so entitled executed by the Issuer on or about [].

Offshore Associate means an associate (as defined in section 128F of the Tax Act) of the Issuer that is either:

a non-resident of Australia which does not acquire the Notes in carrying on a business at or through a permanent establishment in Australia; or

a resident of Australia that acquires the Notes in carrying on a business at or through a permanent establishment outside Australia.

Partly Paid Note means a Note in relation to which the initial subscription moneys are payable to the Issuer in two or more instalments.

Record Date means, the close of business in the place where the Register is maintained on the [eighth] calendar day before the payment date.

Register means the register, including any branch register, of holders of Notes established and maintained by or on behalf of the Issuer under an Agency Agreement.

Registrar means the Issuer or any other person appointed by the Issuer under an agency agreement to maintain the Register and perform any payment and other duties as specified in that agreement.

Related Entity has the meaning it has in the Corporations Act.

Relevant Tax Jurisdiction means Australia [or New Zealand] or political sub-division of it.

Shares means shares in the Issuer received following the Conversion Process.

Shareholder means a member of the Issuer.

Taxes means taxes, levies, imposts, charges and duties (including stamp and transaction duties) imposed by any authority together with any related interest, penalties, fines and expenses in connection with them except if imposed on, or calculated having regard to, the net income of a Holder.

Trust Fund means the amount held by the Financier under clause 2.2 and the benefit of the covenant in clause 2.1 and in respect of a Beneficiary the amount paid by that Beneficiary to the Financier in respect of the Final Instalment.

VWAP is the average of the daily volume weighted average sale price per Share sold on ASX during the relevant periods specified elsewhere in these Conditions, but does not include any transaction defined in the ASX Business Rules as a "special", crossings prior to the commencement of normal trading, crossing during the after hours adjust phase or any overseas trades or the exercise of options over Shares. For the purposes of calculating VWAP if, on some or all of the Business Days in the relevant period, Shares have been quoted on ASX as cum dividend or cum any other distribution or entitlement, but Shares will be issued under these Conditions ex such dividend, distribution or entitlement, then the VWAP on the Business Days on which those shares have been quoted cum dividend, distribution or entitlement shall be reduced by an amount equal to:

- in the case of a dividend or other distribution, the amount of that dividend or distribution including, if the dividend or distribution is franked, the amount that would be included in the assessable income of the recipient of the dividend or distribution who is a natural person;
- in the case of an entitlement which is traded on ASX on any of those Business Days, the average of the daily volume weighted average sale price for such entitlement sold on ASX during the relevant period on the Business Days on which those entitlements were traded; or
- in the case of an entitlement not traded on ASX during the relevant period, the value of the entitlement as reasonably determined by the directors of the Issuer.

Conversely, if on some or all of the Business Days in the relevant period, Shares have been quoted on ASX as ex dividend or any other distribution or entitlement, but Shares will be issued under these Conditions cum such dividend, distribution or entitlement, then the VWAP on the Business Days on which those Shares have been quoted ex dividend, distribution or entitlement shall be increased in accordance with clauses (a), (b) and (c) above in this definition of VWAP (with the necessary changes).

Where a specified period is stated in relation to the determination of VWAP and on any of the Business Days during that period Shares were subject to a trading halt or suspended, the period shall be extended by the number of Business Days on which the Shares were not able to be traded or were suspended.

19.2 References to certain general terms

Unless the contrary intention appears, a reference in these Conditions to:

- (a) a group of persons is a reference to any two or more of them jointly and to each of them individually;
- (b) a document (including these Conditions) includes any variation or replacement of it;
- (c) law means common law, principles of equity and laws made by any parliament (and laws made by parliament include and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (d) a directive means a treaty, an official directive, request, regulation, guideline or policy (whether or not having the force of law) with which responsible participants in the relevant market generally comply;
- (e) Australian dollars or A\$ is a reference to the lawful currency of Australia;

- (f) a time of day is a reference to Sydney time;
- (g) the word “person” includes an individual, a firm, a body corporate, an unincorporated association and an authority;
- (h) a particular person includes a reference to the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (i) an agreement, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them individually;
- (j) anything (including any amount) is a reference to the whole and each part of it;
- (k) the words “including”, “for example” or “such as” when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

19.3 Number

The singular includes the plural and vice versa.

19.4 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of these Conditions.