

ADMIRALTY RESOURCES NL ANNUAL GENERAL MEETING

Professor J. Ross Harper , Chairman Of the Board of Directors

In view of the Company's alarming share price fall over the last few months (and we are by no means alone worldwide) I intend to break with the practice of the last 4 years and start the meeting with a Chairman's Statement (a copy of which has been filed with the ASX).

In our annual report I commented on the significant progress the Company was making in Argentina and Chile. We were confident enough to continue with the plan for a demerger which we believed would increase shareholder value.

At the time of writing the annual report, the share value was 0.12c on 22 August 2008, 0.05 on 30 September 2008, today the share price value is 0.012.

Shareholders deserve a clear statement from the Chairman (a statement which is endorsed by the Directors).

We funded capital hungry explorations, plant and infrastructure development in Chile and Argentina by raising "debt and equity" but it was clear that to achieve our development plans we needed more.

We could not disclose for commercial reasons details of our funding plans but suffice it to say that our plans for raising ample finance for the continuing development of our assets were mature and responsible.

During the last three months our loan resources dried up, our realistic expectations were not fulfilled and the lack of cash had an unhappy, indeed tragic effect on our operations, resulting in lay-offs, resignations and court actions.

Over the last 3 months the Board has battled vigorously for, not to put too fine a point on it, the survival of the Company, as others around us crashed.

Mining is of course capital intensive and we were set to raise US\$200 million dollars from one source and had a number of further options to enable us to fund our activities over the coming years.

Shareholders will need no lessons from me on the worldwide credit crunch and its devastating effect on funding.

As our sources of finance inexorably dried up and disappeared, we were hit, as a dreadful consequence, on the operational front.

In Chile, we suffered immediately from lack of finance. Besalco, our mining contractor, withdrew (on two separate occasions) its labour and subsequently its equipment immediately affecting our ability to produce and maintain cash flow. We have commenced proceedings against them and are in an arbitration process. A substantial damages claim has been lodged.

The Board continued to search for appropriate finance and equity, but in view of the worldwide credit crunch, decided that, to save the Company, asset sales were required to keep the Company solvent. The decision to sell Rincon Lithium urgently and expeditiously was made with considerable reluctance and the heaviest of hearts.

In the processing of our urgent quest for funding, a buyer was found to buy Rincon with a minimum of delay. Contracts were exchanged but delays in settlement have taken place.

In Chile the absence of funds were having more and more serious consequences and on the day before this AGM, although assurances and some banking evidence provided, the situation remains uncertain.

The Board appointed John Anderson, an existing director, as Executive Director whose immediate objective is to restore our mining operations in Chile, working with Mike Clarke, our Director in Chile.

We have been hit in the interim by other side effects of the global financial crisis. The most notable of which is the deterioration of iron ore prices worldwide.

I shall purposely not comment on problems in Argentina, suffice it to say that our warranties are carefully considered and robust and also to remark that if we had not agreed to sell Rincon Lithium Ltd expeditiously, without the luxury of time, I would not be standing here today.

Understandably there will be questions, which the shareholders will want (and deserve) answers.

I propose at the end of the meeting to invite questions. Those questions relating to the past I shall refer to former CEO Phillip Thomas. Those relating to the future to John Anderson.

I sympathise with all shareholders (and that includes your Directors) who have lost money and to our former employees who have lost the ability to earn a living wage.