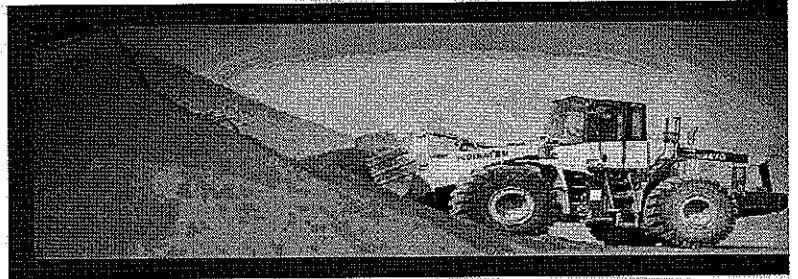




ADMIRALTY RESOURCES



Admiralty Resources NL

A.B.N. 74 010 195 972

Financial Report

for the half year ended 31 December 2007

**ADMIRALTY RESOURCES NL
A.B.N. 74 010 195 972
DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

The Directors of Admiralty Resources NL submit herewith the financial report of the Company for the half year ended 31 December 2007. In order to comply with the provisions of the Corporations Act, 2001, the directors report as follows:

DIRECTORS

The names and particulars of the Directors of Admiralty Resources NL in office at any time during or since the end of the period:

Professor J. Ross Harper	Chairman
Robert Michael Clarke	Chief Executive Officer (Commenced 5/10/2007)
Phillip Thomas	Executive Director
Anthony Blumberg	Non-Executive Director (Resigned 6/3/2008)
John Anderson	Non-Executive Director

COMPANY SECRETARY

Stephen C. Prior

PRINCIPAL ACTIVITIES

The Consolidated Entity's principal activities in the course of the financial year were mining iron ore and the exploration and development of economic mineral deposits including minerals occurring in brine lake deposits.

OPERATING RESULTS

The operating loss after tax attributable to members of the consolidated entity for the half year ended 31 December 2007 was \$19,898,100 (2006: \$3,157,389).

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid during the half-year, nor are any recommended as at 31 December 2007.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 4.

ADMIRALTY RESOURCES NL
A.B.N. 74 010 195 972
REVIEW OF OPERATIONS

Review of Operations 2007

Admiralty Resources NL has three major projects being the Rincon Salar lithium and potash brine deposit in Northern Argentina, the 60% owned Cia Minera Santa Barbara iron ore mining venture in Chile and the Bulman lead and zinc deposit in the Northern Territory. The Company also has a 50% interest in the Pyke Hill nickel deposit in Western Australia

Our focus is on meeting increased demand for Lithium Carbonate due to the battery sector becoming the major segment for lithium usage. In addition, we are expanding our iron ore production and shipping capacity to meet growing demand in China from our clients. At Bulman, we will commence drilling to target several prospective areas of interest on the 250 sq kilometres of exploration licence we hold.

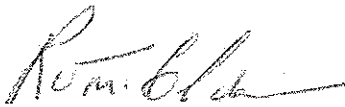
During the half year we achieved the following:

- The company announced it would undertake a demerger in 2008, listing the unlisted public company Rincon Lithium Limited that holds the lithium and potash asset. Admiralty also commissioned an independent expert to advise shareholders about the proposed demerger. A class ruling has been sought from the Australian Taxation Office regarding the demerger.
- Fortune Global Holdings Corporation, a wholly owned subsidiary of Admiralty Resources agreed to pay Wyndham explorations US\$10m in cash and issued 10 million shares to acquire a further 10% of Cia Minera Santa Barbara taking its equity to 60% in the company. As a result the Consolidated Entity now consolidates the operations of Cia Minera Santa Barbara.
- Cia Minera Santa Barbara plant has been operating at about 30,000 tonnes per month, which is below targeted capacity of 100,000 tonnes per month, given the status of construction and delivery of processing equipment.
- Substantial negotiations were held with WISCO in Wuhan which culminated in a binding heads of agreement and legal contract negotiations to be finalised. The contracts will be finalised once final production targets for 2008 are set.
- A draft certificate was received from the Chilean Maritime Authorities increasing the official depth of the Caleta Port to 11.18 metres from 10.63m resulting from our dredging operations.
- High level of interest in US\$50 million lithium tender to sell 10% of Rincon Lithium Ltd's final production over 10 years (2009-2019). The successful tender will make a prepayment in mid-2008 of the profit margin, expected to be between US\$ 40 million and US\$ 60 million at current prices.
- The Rincon Salar Pilot Plant was commissioned on 11 December 2007, with first production of unrefined lithium carbonate (98.5%) expected on 16 April 2008. Purification of this material will take a further week and production of refined commercial lithium carbonate is expected by the end of April 2008. The ongoing production is expected to be 8 tonnes per month until further expansion is completed.
- The geophysical, magnetic and radiometric surveys conducted over the Bulman exploration leases in October 2007 have highlighted several areas of prospective areas for exploration of economic deposits. On the basis of the report Bulman Resources Pty Ltd, a wholly owned subsidiary of Admiralty Resources NL, will commence a drilling program to target the areas of interest in May 2008.
- The Port of Caleta reopened on 15 February with the first shipment on 24th February 2008. There is approximately 154,000 tonnes of iron ore currently ready for shipment.

**ADMIRALTY RESOURCES NL
A.B.N. 74 010 195 972
REVIEW OF OPERATIONS**

Signed in accordance with a resolution of the directors made pursuant to s 306(3) of the Corporations Act 2001 on 14 March 2008.

On behalf of the Directors



ROBERT MICHAEL CLARKE

Chief Executive Officer

14 March 2008



Chartered Accountants
& Business Advisers

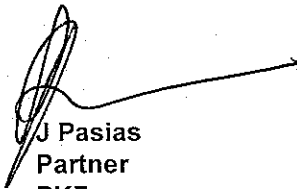
Board of Directors
Admiralty Resources NL
Level 14
200 Queen Street
MELBOURNE VIC 3000

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF ADMIRALTY RESOURCES NL**

As lead auditor for the review of Admiralty Resources NL for the half-year ended 31 December 2007, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Admiralty Resources NL and the entities it controlled during the year.



J Pasias
Partner
PKF
Chartered Accountants

14 March 2008
Melbourne

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ADMIRALTY RESOURCES NL**

We have reviewed the accompanying half-year financial report of Admiralty Resources NL, which comprises the condensed balance sheet as at 31 December 2007, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising Admiralty Resources NL and the entities it controlled at 31 December 2007 or from time to time during the half-year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of Admiralty Resources NL are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of Admiralty Resources NL's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Admiralty Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Admiralty Resources NL is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material Uncertainty Regarding Continuation as a Going Concern

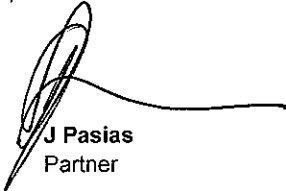
Without qualifying our conclusion, we draw your attention to Note 1(e) in the half-year financial report which indicates that the consolidated entity has accumulated losses as at 31 December 2007 of \$50,962,251 and has incurred a loss of \$ 27,106,272 for the period ended 31 December 2007. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the company to continue as a going concern.

Should the company be unable to continue as a going concern, it may be required to realize its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the half-year financial report.



PKF
Chartered Accountants

14 March 2008
Melbourne



J Pasias
Partner

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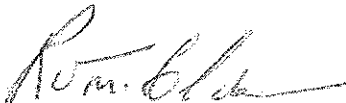
**ADMIRALTY RESOURCES NL
A.B.N. 74 010 195 972
DIRECTORS' DECLARATION
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the disclosing entity will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act, 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with the resolution of the directors made pursuant to s.303(5) of the Corporations Act, 2001.

On behalf of the Directors



ROBERT MICHAEL CLARK
Chief Executive Officer

14 March 2008

**ADMIRALTY RESOURCES NL
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	Consolidated	
	Half-year ended	
	31 DECEMBER 2007	31 DECEMBER 2006
	\$	\$
REVENUES		
Operating Income	2,573,091	-
Interest Receivable – SCMSB	-	171,922
Other Income	199,747	17,355
	<u>2,772,838</u>	<u>189,277</u>
EXPENSES		
Depreciation expense	(77,372)	(694)
Employee costs	(4,970,722)	(45,676)
Consultancy expenses	(798,231)	(254,101)
Professional expenses	(1,462,496)	(205,154)
Operational and mining expenses	(5,396,003)	-
Occupancy expenses	(123,939)	(29,915)
Travel expenses	(481,975)	(188,275)
Finance costs	(982,224)	(264,781)
Administration expenses	(2,067,082)	(548,144)
Loss on equity accounting	(260,388)	(1,147,601)
Provision for loss on Iron ore contract	(13,617,657)	-
Profit (loss) on foreign exchange translation	358,978	(662,325)
	<u>(29,879,110)</u>	<u>(3,346,666)</u>
LOSS BEFORE INCOME TAX	<u>(27,106,272)</u>	<u>(3,157,389)</u>
Income tax expense	-	-
LOSS AFTER INCOME TAX	<u>(27,106,272)</u>	<u>(3,157,389)</u>
Less: Loss attributable to Minority Interest	<u>7,208,172</u>	<u>-</u>
LOSS FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY	<u>(19,898,100)</u>	<u>(3,157,389)</u>
Basic and diluted loss per share (cents per share)	(2.10)	(0.56)

The above income statement is to be read in conjunction with the attached notes.

**ADMIRALTY RESOURCES NL
CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007**

	Consolidated	
	31 Dec. 2007	30 June 2007
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	2,265,259	7,010,385
Receivables	2,410,013	47,513
Other financial assets	3,600	3,600
Inventory	5,872,812	-
Other assets	5,083	122,630
TOTAL CURRENT ASSETS	<u>10,556,767</u>	<u>7,184,128</u>
NON-CURRENT ASSETS		
Receivables	-	18,404,067
Investments accounted for using the equity method	-	7,291,346
Property, plant and equipment	7,433,865	326,785
Mining properties	60,191,632	-
Exploration interests	9,517,204	2,889,041
Other	1,916,733	758,732
TOTAL NON-CURRENT ASSETS	<u>79,059,434</u>	<u>29,669,971</u>
TOTAL ASSETS	<u>89,616,201</u>	<u>36,854,099</u>
CURRENT LIABILITIES		
Payables	5,667,699	333,245
Provision for loss on Iron ore supply contract	13,617,657	-
Borrowings	28,126,379	11,935,380
TOTAL CURRENT LIABILITIES	<u>47,411,735</u>	<u>12,268,625</u>
TOTAL LIABILITIES	<u>47,411,735</u>	<u>12,268,625</u>
NET ASSETS	<u>42,204,466</u>	<u>24,585,474</u>
EQUITY		
Contributed equity	81,282,391	59,997,566
Foreign Currency Translation Reserve	396,027	(259,606)
Accumulated losses	(50,962,251)	(35,152,486)
Minority Interests	11,488,299	-
TOTAL EQUITY	<u>42,204,466</u>	<u>24,585,474</u>

The above balance sheet is to be read in conjunction with the attached notes.

ADMIRALTY RESOURCES NL
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

<u>Half year to 31 December 2007</u>	<u>Equity</u>	<u>Foreign Currency Translation Reserve</u>	<u>Retained Earnings</u>	<u>Minority Interest</u>	<u>Total</u>
	\$	\$	\$	\$	\$
Total equity at the beginning of the half-year	59,997,566	(259,606)	(35,152,486)		24,585,474
<u>Add:</u>					
Issue of new shares	4,500,000				4,500,000
Adjustment in equity - Option Premium.	2,773,575				2,773,575
Conversion of Options	7,068,167				7,068,167
Converting notes	6,943,083				6,943,083
Retained Losses eliminated on consolidation			4,556,256		4,556,256
Minority Interest arising on consolidation				18,436,082	18,436,082
Equity accounted loss for part period				260,389	260,389
<u>Less:</u>					
Cost of capital raisings					
Foreign Currency Translation Reserve		655,633	(467,921)		187,712
Loss for the period			(19,898,100)	(7,208,172)	(27,106,272)
Total equity at the end of the half-year	81,282,391	396,027	(50,962,251)	11,488,299	42,204,466

<u>Half year to 31 December 2006</u>	<u>Equity</u>	<u>Foreign Currency Translation Reserve</u>	<u>Retained Earnings</u>	<u>Minority Interest</u>	<u>Total</u>
	\$	\$	\$	\$	\$
Total equity at the beginning of the half-year	43,650,176	29,061	(25,943,411)	-	17,735,826
<u>Add:</u>					
Issue of new shares	129,803	-	-	-	129,803
Issue of new shares	129,349	-	-	-	129,349
Issue of new shares	127,113	-	-	-	127,113
Issue of new shares	2,159,500	-	-	-	2,159,500
Issue of new shares	25,000	-	-	-	25,000
Conversion of Options	350,000	-	-	-	350,000
Conversion of Options	350,000	-	-	-	350,000
Converting notes	4,107,841	-	-	-	4,107,841
<u>Less:</u>					
Cost of capital raisings	(23,375)	-	-	-	(23,375)
Foreign Currency Translation Reserve	-	(510,474)	-	-	(510,474)
Loss for the period	-	-	(3,157,389)	-	(3,157,389)
Total equity at the end of the half-year	51,005,407	(481,413)	(29,100,800)	-	21,423,194

The above statement of changes in equity is to be read in conjunction with the attached notes.

**ADMIRALTY RESOURCES NL
CONDENSED CONSOLIDATED CASH FLOWS STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	Consolidated	
	Half-year ended	
	31 Dec 2007	31 Dec 2006
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of Iron Ore	2,573,091	-
Payments to suppliers and employees	(19,447,862)	(2,956,860)
Interest received	152,611	5,582
GST refunded	-	64,332
GST (paid)	(41,610)	(37,191)
Interest and other costs of finance paid	-	(26,389)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(16,763,770)	(2,950,526)
CASH FLOWS FROM INVESTING ACTIVITIES		
Amounts advanced to associate	-	(4,799,977)
Payment for mining properties & exploration interests	(5,722,378)	(754,044)
Purchase of fixed assets	(2,192,177)	-
Purchase of equity investments	(3,811,920)	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(11,726,475)	(5,554,021)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issues of equity securities	14,011,250	3,247,390
Proceeds from borrowings	9,339,598	-
Proceeds from converting notes	-	4,107,841
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	23,350,848	7,355,231
NET DECREASE IN CASH HELD	(5,139,397)	(1,149,316)
Cash at beginning of the half-year	6,972,775	1,467,690
Cash gained on SCMSB consolidation	431,881	-
CASH AT THE END OF THE HALF YEAR	2,265,259	318,374

The above statement of cash flows is to be read in conjunction with the attached notes.

**ADMIRALTY RESOURCES NL
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

NOTE 1 BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Admiralty Resources NL as at 30 June 2007.

It is also recommended that the half-year financial report be considered together with any public announcements made by Admiralty Resources NL during the half-year ended 31 December 2007 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis. The carrying values of recognized assets and liabilities that are hedged with fair value hedges are adjusted to record changes in the fair values attributable to the risks that are being hedged.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Significant Accounting Policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2007 except for the changes mentioned in Note 5.

(c) Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of Admiralty Resources NL and its subsidiaries ("the Group").

The half-year consolidated financial statements include the result of Cia Minera Santa Barbara for the period 27 July 2007 to 31 December 2007. Previously the interest in Santa Barbara was accounted for using the equity method of accounting for investments.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

**ADMIRALTY RESOURCES NL
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

(d) Matter of significance

In accordance with Accounting Standard AASB 137, a provision of \$13,617,657 has been made in respect of significant losses on supply of iron ore under an unfavorable CFR contract entered into during 2006. All future supply contracts have been negotiated on a FOB basis.

(e) Going Concern

The half year financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The following factors are relevant in considering the ability of the Consolidated Entity and the company to continue as a going concern:-

- The Consolidated Entity has incurred a net loss of \$27.1 million and has accumulated losses of \$ 51 million;
- A two year loan facility for US\$15 million was put in place on January 10 2008 to assist with working capital at Cia Minera Santa Barbara. An option to drawdown an additional US\$5 million has now been exercised.
- A binding heads of agreement has been formed with WISCO in Wuhan. Contracts will be finalised once production targets are set for 2008. The first half of the renegotiated 2006 WISCO contract will be delivered in February to May 2008. Two shipments are anticipated per month subject to shipping availability.
- The Company has reached agreement of terms with a major trading bank for a US\$10 million overdraft facility secured by a charge over iron ore stockpiles.
- The Consolidated Entity anticipates shipment of 180,000 tonnes of iron ore at spot prices before 30 June 2008 which will generate at least US \$9 million cash flow subject to production and shipping availability.
- High level of interest in US\$50 million lithium tender to sell 10% of Rincon Lithium Ltd's final production over 10 years (2009-2019). The successful tenderer will make a prepayment in mid-2008 of the profit margin, expected to be between US\$ 40 million and US\$ 60 million.
- The Consolidated Entity has the ability to defer certain expenditure with regards to the Sodium Carbonate, Calcium Hydroxide, Boric Acid and Sodium Sulphate projects in Argentina, if this is necessary, which will conserve some of the Consolidated Entity's cash flow.

These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern. The directors have prepared cash flow forecasts that indicate that the consolidated entity will have sufficient cash to meet all of its expenses for the next 12 months. Based on the cash flow forecasts and the additional funding highlighted above, the directors are satisfied that, the going concern basis of preparation is appropriate. The financial report has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business

At the date of this report and having considered the above factors, the directors are confident that the company and the Consolidated Entity will be able to continue as going concerns.

**ADMIRALTY RESOURCES NL
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

d) Going Concern (cont)

Notwithstanding this there is significant uncertainty whether the Consolidated Entity will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Should the Consolidated Entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities and appropriate disclosures that may be necessary should the Consolidated Entity be unable to continue as a going concern.

NOTE 2 SIGNIFICANT AFTER BALANCE DATE EVENTS

A two year unsecured note with conversion option at share price of A\$ 0.70 on repayments for US\$15 million was put in place on January 10. This facility has the option to draw down a further US\$5 million. This option has since been exercised. The terms of the issue are that the interest rate is 8% p.a., term is 720 days, interest has been paid 3 months in advance and repayments are in cash except in the case of default or forced conversion.

Subsequent to year end, US\$10 million of the loan facility with Hawkswood Investments was sold to Leveraged Capital Pty Ltd. This loan has since been altered to a convertible note with the conversion taking place on the 12 March 2008. The conversion note loan was exercised by Leverage Capital at 20% premium to market (\$0.27 exercise price) on 11 March 2008.

**ADMIRALTY RESOURCES NL
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

NOTE 3 ISSUES OF EQUITY SECURITIES

Movements in issued and fully paid up ordinary shares of the company during the half – year were as follows:

Details	Number of Shares	Issue Price	Value \$
Opening Balance - Shares	874,207,417	n/a	59,973,816
New Issue - Wyndham	10,000,000	\$0.45	4,500,000
Exercise of Options	70,681,667	\$0.10	7,066,167
Exercise of Options – Prepaid	237,500	\$0.10	23,750
Option Premium	-	-	2,773,575
Closing Balance - Shares	<u>955,126,584</u>	n/a	<u>74,337,308</u>
Converting Notes	<u>29,172,618</u>	\$0.238	<u>6,943,083</u>
Total Contributed Equity	<u>984,299,202</u>		<u>81,282,391</u>

Movements in the options of the company during the half - year were as follows:

Options exercisable on or before 30 November 2007.

Details	Number of Options	Value \$
Opening Balance	58,169,167	5,816,917
Options Issued	-	-
Options exercised	<u>(58,169,167)</u>	<u>(5,816,917)</u>
Closing Balance	-	-

Options exercisable on or before 30 November 2009.

Details	Number of Options	Value \$
Opening Balance	6,000,000	600,000
Options Issued	-	-
Options exercised	<u>(4,000,000)</u>	<u>(400,000)</u>
Closing Balance	2,000,000	200,000

**ADMIRALTY RESOURCES NL
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

NOTE 3 ISSUES OF EQUITY SECURITIES (Cont)

Options exercisable on or before 25 July 2010.

Details	Number of Options	Value \$
Opening Balance	-	-
Options Issued	8,750,000	875,000
Options exercised	(8,750,000)	(875,000)
Closing Balance	-	-

Subsequent Issues of Shares and Options

There have been no movements in issued and fully paid up ordinary shares of the company since the half – year ended 31 December 2007.

There have been no movements in options of the company since the half – year ended 31 December 2007.

NOTE 4 CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities in existence at the date of this report.

NOTE 5 BUSINESS COMBINATION

(a) Summary of Acquisition

On the 26th July 2007, the Company acquired an extra 10% stake in Cia Minera Santa Barbara (SCMSB). Under the purchase agreement, the Company agreed to pay US\$10 million cash and issue 10 million shares to Wyndham Explorations, its Joint Venture partner. The Admiralty Resources NL shares were valued at the date of issue. On this date the Company assumed control of Cia Minera Santa Barbara and consolidated its accounts.

The company has provisionally determined the acquisition accounting with work continuing to finalise the valuation of and accounting for the assets.

Provisional details of the fair value of the assets and liabilities acquired are as follows:

Purchase consideration	AUD
Initial consideration paid for Initial 50%	11,755,487
Shares issued for additional 10%	4,500,000
Cash component (US\$10m) for additional 10%	<u>11,398,636</u>
	27,654,123
Fair Value of net identifiable net assets	<u>27,654,123</u>

**ADMIRALTY RESOURCES NL
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

NOTE 5 BUSINESS COMBINATION (Cont)

(b) Assets and liabilities acquired.

	SCMSB Carrying Amount AUD	SCMSB Fair Value AUD
CURRENT ASSETS		
Cash Assets	431,881	431,881
Receivables	9,494,832	9,494,832
Other Financial Assets	623,933	623,933
Other Assets	1,905	1,905
NON-CURRENT ASSETS		
Other Financial Assets	1,905,196	1,905,196
Property, Plant & Equipment	5,138,279	5,138,279
Development and Expl. Interests	3,136,735	58,538,484
CURRENT LIABILITIES		
Payables	(5,846,472)	(5,846,472)
Provisions	(405,601)	(405,601)
NON-CURRENT LIABILITIES		
Loan - Admiralty Resources NL	(23,792,235)	(23,792,235)
Net Assets	<u>(9,311,545)</u>	<u>46,090,205</u>
Entitlement to share in Assets	60%	60%
Net Assets acquired	<u><u>(5,586,927)</u></u>	<u><u>27,654,123</u></u>

(c) Other disclosures.

SCMSB recorded a loss of AUD 18,541,205 for the half year ended 31 December 2007 and for the period since the date of acquisition, SCMSB has recorded a loss of AUD 18,020,429.

SCMSB had revenue of AUD 3,321,649 for the half year ended 31 December 2007, of which, AUD 2,656,373 related to the post acquisition period.

**ADMIRALTY RESOURCES NL
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NOTE 6 SEGMENT INFORMATION

Primary reporting – Geographical segments

The consolidated entity operates in three geographical locations, Australia, Argentina and Chile.

	Half-year ended 31 December						Consolidated Entity	
	Australia		Argentina		Chile		2007	2006
	2007	2006	2007	2006	2007	2006	\$	\$
Revenue								
External revenue	199,626	189,277	121	-	2,573,091	-	2,772,838	189,277
Total revenue from continuing activities	199,626	189,277	121	-	2,573,091	-	2,772,838	189,277
Result								
Segment result	(7,876,037)	(1,794,576)	(1,662,695)	(215,212)	(17,567,540)	(1,147,601)	(27,106,272)	(3,157,389)
Unallocated expenses								
Operating loss before income tax	(7,876,037)	(1,794,576)	(1,662,695)	(215,212)	(17,567,540)	(1,147,601)	(27,106,272)	(3,157,389)