

ASX ANNOUNCEMENT

SIGNIFICANT HEMATITE IRON ORE DISCOVERY CONFIRMED AT MCPHEE CREEK

- Outstanding new drilling results confirm a significant hematite iron ore discovery at Giralia's 100% owned McPhee Creek project, located 220 kilometres south east of Port Hedland;
 - **90 metres @ 58.6% Fe , 1.7% Al₂O₃ from surface to end of hole**
 - **58 metres @ 59.0% Fe, 1.5% Al₂O₃ from 12 metres depth**
 - **62 metres @ 57.3% Fe, 2.4% Al₂O₃ from surface**
 - **42 metres @ 60.1% Fe, 2.2% Al₂O₃ from 20 metres depth**
- Several zones of strong hematite mineralisation defined by widely spaced initial drilling of the central 5 kilometres of the 8 kilometre long iron formation range.
- Resource definition drill-out is planned to commence in November.

The Directors of Giralia Resources NL (Giralia) are pleased to report confirmation of a significant hematite iron ore discovery at the Company's 100% owned McPhee Creek iron ore prospect, located 220 kilometres south-east of Port Hedland in the Pilbara region of Western Australia, and around 50 kilometres north of BC Iron Limited/ FMG's Nullagine-Bonnie Creek channel iron deposits ("CID").

A preliminary 47 hole first pass RC drilling program of widely spaced holes on traverses up to 600 metres apart was completed in mid September to test a major zone of unexplored iron ore potential along an 8 kilometre long range at McPhee Creek. The main range comprises partially CID capped bedded Archaean aged BIF with strong hematite iron ore mineralisation evident over substantial strike lengths.

Assays for all holes have now been received. Further significant iron ore intersections were returned in the last batch of results, particularly from the southern most lines drilled including; **90 metres @ 58.6% Fe** from surface to end of hole, **62 metres @ 57.3% Fe** from surface, **42 metres @ 60.1% Fe** from 20 metres depth, **46 metres @ 60.2% Fe**, and **34 metres @ 58.9% Fe** including **28 metres @ 60.4% Fe**. Assays for the first 12 holes of this program were reported on 30 September 2009, with significant iron ore intersections returned; **58 metres @ 55.6% Fe**, including **36 metres @ 58.1% Fe**, and further results were released on 13 October, including **46 metres @ 60.2% Fe**.

Commenting on the McPhee Creek results, Giralia's Chairman Graham Riley said;

"Our exploration team has delivered another terrific result for Giralia shareholders, and we have clearly made an important discovery at McPhee Creek. These new intersections, from a preliminary drilling program, are some of the best we have achieved at any of the Company's iron ore projects, and are likely to lead to more direct shipping resources within potential trucking distance of Port Hedland. Giralia's total iron ore resource base is already over 132 million tonnes, and drilling is continuing with 2 rigs in operation. We will now move as quickly as possible to a resource drill-out at McPhee Creek."

Table 1: Mc Phee Creek main range, RC drilling September 2009: Intersections >10m @>55%

Hole No	Coordinates		Dip/Az	Depth (m)	From (m)	To (m)	Interval (m)	Fe %	CaFe %	P %	SiO2 %	Al2O3 %	LOI %
	East	North											
*RCMC048	203586	7613554	-60/305	60	44	60	16 (EOH)	57.2	63.6	0.06	5.4	2.0	10.05
*RCMC051	203271	7613339	-60/300	78	4	62	58	55.6	60.3	0.06	8.6	3.1	7.93
				incl.	22	58	36	58.1	62.6	0.05	6.6	2.1	7.12
#RCMC057	203229	7612607	-60/135	66	4	36	32	54.3	59.4	0.05	12.0	2.2	8.55
				incl.	6	26	20	56.0	61.3	0.05	9.5	2.1	8.75
#RCMC058	203190	7612656	-60/140	60	6	50	44	55.4	59.5	0.05	13.3	1.0	6.92
				incl.	8	26	18	59.9	65.0	0.06	5.8	1.1	7.83
#RCMC060	202500	7612384	-60/300	60	26	48	22	57.9	64.8	0.13	4.3	1.9	10.76
#RCMC061	202535	7612368	-60/300	72	26	72	46 (EOH)	60.2	65.2	0.07	3.8	2.0	7.66
#RCMC062	202460	7612325	-60/330	54	20	54	34 (EOH)	58.9	63.7	0.10	5.0	2.9	7.57
				incl.	26	54	28 (EOH)	60.4	65.1	0.11	3.9	2.3	7.24
RCMC064	202148	7611904	-60/305	78	12	70	58	59.0	65.7	0.06	3.2	1.5	10.20
RCMC065	202181	7611882	-60/300	74	24	74	50	57.0	63.7	0.06	4.3	3.3	10.67
				incl.	40	74	34	58.9	65.6	0.05	3.1	2.1	10.35
RCMC066	202088	7611834	-60/300	66	18	38	20	56.7	60.7	0.07	9.2	2.8	6.74
				incl.	22	36	14	58.9	63.1	0.07	6.1	2.6	6.64
RCMC067	202124	7611816	-60/300	72	20	44	24	57.2	62.0	0.10	7.4	3.0	7.65
				incl.	20	42	22	57.6	62.4	0.10	6.5	3.1	7.82
RCMC082	201028	7610661	-60/300	60	2	42	40	54.3	59.6	0.07	9.6	4.3	8.91
				incl.	4	16	12	57.2	63.2	0.07	5.6	3.6	9.50
				and	28	42	14	56.8	62.4	0.07	7.6	2.7	8.86
RCMC083	201085	7610625	-60/295	54	12	44	32	55.2	61.1	0.10	7.8	3.6	9.60
				incl.	20	42	22	57.4	63.5	0.12	5.0	3.2	9.64
RCMC084	200681	7609971	-60/305	72	20	64	44	59.9	64.9	0.09	4.5	2.2	7.75
				incl.	20	62	42	60.1	65.2	0.09	4.1	2.2	7.87
RCMC085	200669	7610099	-60/310	72	0	62	62	57.3	63.1	0.16	6.6	2.4	9.22
				incl.	8	60	52	58.2	64.0	0.17	5.8	2.2	9.05
RCMC086	200705	7610075	-60/305	90	0	90	90	58.6	65.1	0.13	3.9	1.7	10.00
RCMC087	200575	7610048	-60/310	48	0	38	38	57.7	65.1	0.26	3.1	2.3	11.31
RCMC088	200601	7610029	-60/300	60	22	56	34	55.9	62.4	0.10	6.3	2.6	10.31
				incl.	30	56	26	57.2	64.1	0.11	4.6	2.4	10.74

RC drill samples collected as 2m riffle split composites. Intersections quoted using lower cut-offs of 50% Fe. All coordinates in MGA Zone 51 GDA 94, by hand held GPS ($\pm 5m$). XRF analyses by Spectolab Laboratory Geraldton. QA/QC included typically field duplicate samples and two standards (Certified Reference Material), comprising one coarse standard and one pulverised standard for each drill hole. CaFe is a measure of iron content upon removal of volatiles (i.e. LOI). *Holes marked previously reported 30 Sept 09. # Holes marked previously reported 13 Oct '09.

An earlier 43 hole drill program in mid 2008 at McPhee Creek tested a channel iron deposit mesa just to the east of the main range (Crescent Moon CID mesa) defining an initial JORC resource of **5.17 million tonnes @ 53.6 % Fe (60.4% CaFe)**. The new drilling results from the main range are considered likely to result in a substantial increase in project resources.

R M Joyce
DIRECTOR

16 October 2009

The information in this report that relates to Exploration Results is based on information compiled by R M Joyce, who is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of the Company. Mr Joyce has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Joyce consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

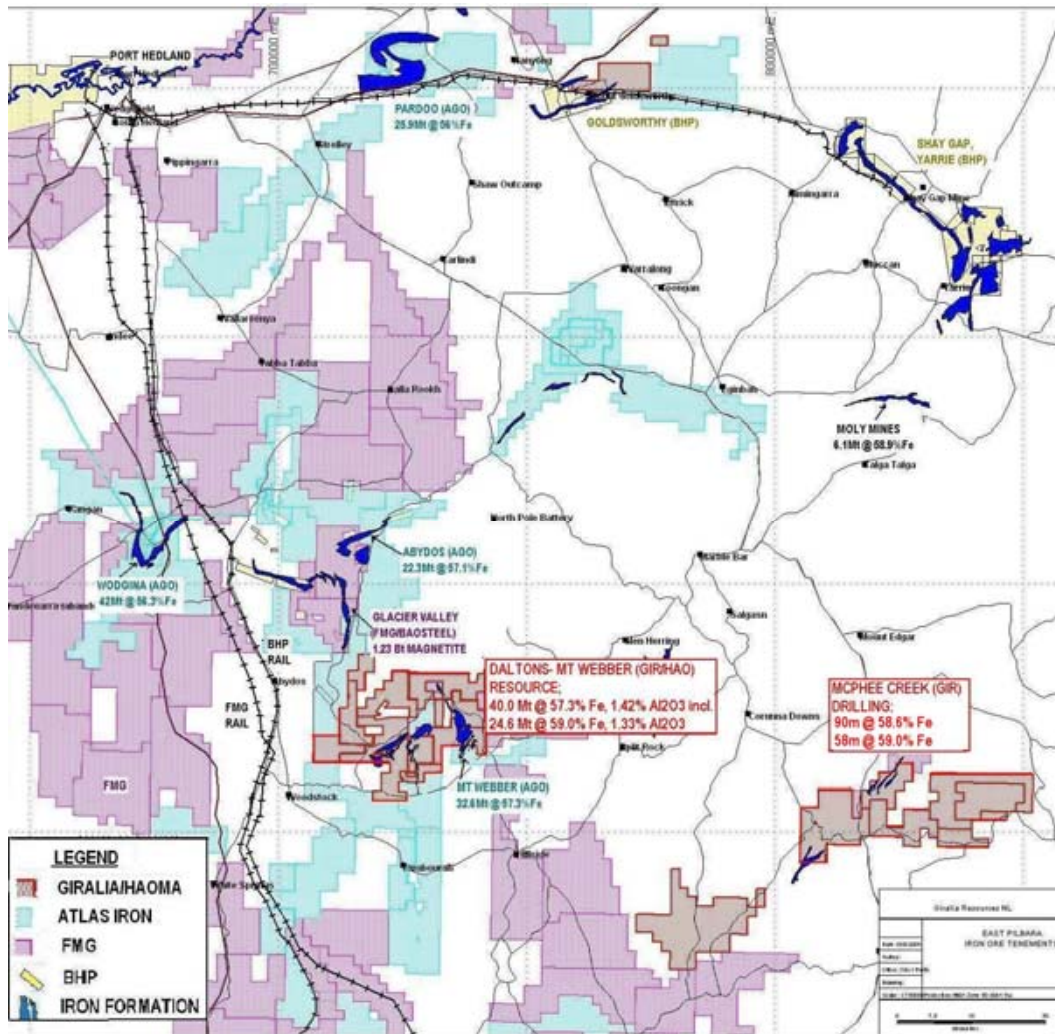


Fig 1; Iron ore projects in the Port Hedland area. Giralia's tenements in red.



Fig 2; McPhee Creek Project, satellite image with drill holes (yellow dots)

About Giralia Resources NL

Giralia Resources NL ("ASX: GIR") is a well funded (~\$70 million cash) mineral exploration company based in Perth, Western Australia. Giralia's iron ore projects in Western Australia are the Company's major exploration and development focus:

Beebyn (100%) – Hematite (MidWest) – Adjoins Sinosteel Weld Range deposits. Initial Inferred Mineral Resource **7.2 million tonnes @ 57.2% Fe**. Major upside at nearby Beebynganna Hills project, where 7 new zones of hematite have been discovered.

Western Creek (100%) – Hematite (15 km W of Newman) – Marra Mamba iron ore as direct extensions to BHP Silver Knight deposit. Inferred Mineral Resource **52.4 million tonnes @ 56.7% Fe**. Deposit is near surface, with several zones open ended.

Earaheedy (100%) – Hematite (200 km S of Newman) – 23 known hills with rock sample grades over 57% Fe, within 130 kilometres of iron formations on Giralia tenements, with shallow dips indicating large tonnage potential. Drilling; 20 metres @ 55.7% Fe, 8 metres @ 58.7% Fe, and 12 metres @ 57.3%Fe from 8 hills tested to date.

Anthiby Well (100%*) -CID (Pilbara) – Channel iron deposit (CID) mesas, drill intersections include 32 metres @ 55.1%Fe including 24 metres @ 56.0%, 22 metres @ 56.3%Fe, and 18 metres @ 56.2%Fe. Initial Inferred Mineral Resource **63.5 million tonnes @ 50.5% Fe, including 37.6 million tonnes @ 53.6% Fe (59.1%CaFe)**. * subject to production royalty

McPhee Creek (100%) – CID (Pilbara) – Channel iron deposit (CID) mesa. Initial Inferred Mineral Resource **5.17 million tonnes @ 53.6% Fe (60.4%CaFe)**.

Daltons (75%) - Hematite (Pilbara) – newly discovered zone of massive hematite outcrop, only 150 km south of Port Hedland, and 40km from FMG, BHP rail lines. Drilling **70m @ 58.4% Fe from surface, including 54m @ 60.9% Fe, 1.5%Al₂O₃**. Initial Inferred Mineral Resource **40.0 million tonnes @ 57.3% Fe (62.3%CaFe)**.

Yerecoin – Magnetite (150 km from Perth) – 1 km to railway. Initial drilling March 2009; **72 metres @ 32.4%Fe, 52.4 metres @ 31.6 %Fe**. Coarse magnetite; excellent DTR testwork. Scoping Study in progress.

The Company also has significant other commodity interests, including the Lake Frome Joint Venture around the operating Beverley uranium mine in South Australia, and the 100% owned 170,000 ounce Snake Well gold project in Western Australia.

In addition to its strong cash balance, Giralia also holds significant stakes in several ASX listed companies (shown below), which are held largely as a result of the spin-off of independently managed and funded companies over the last 3 years. Giralia shareholders have benefited through priority IPO entitlements and in specie distributions, and ongoing exposure to upside from exploration success.

Company	ASX Code	Key Commodity	Giralia Stake
PacMag Metals Limited	PMH	copper	~10.4%
U3O8 Limited	UTO	uranium	~15%
Zinc Co Australia Limited	ZNC	zinc	~12%
Carpentaria Exploration Limited	CAP	NSW, Qld copper-gold	~10.4%
Hazelwood Resources Ltd	HAZ	nickel, tungsten	~3.3%