

## QUARTERLY REPORT FOR THE THREE MONTHS ENDING 31 DECEMBER 2009

Giralia Resources NL  
ABN 64 009 218 204

ASX code: **GIR**

**Activities:**

Iron Ore exploration and development

**Details (31 Dec'09):**

Issued shares: 178.1m  
Unlisted options: 4.9m  
Mkt Cap (\$1.46): A\$260m  
Cash Dec 09: A\$60m  
Investments: A\$12m  
Debt: Nil

**Listed Investments:**

PacMag Metals Limited-copper  
(ASX:PMH) Giralia ~10.4% stake

U308 Limited -uranium  
(ASX:UTO) Giralia ~15% stake

Zinc Co Australia Limited - zinc  
(ASX:ZNC) Giralia ~12% stake

Carpentaria Expl. Ltd -NSW, Qld  
(ASX:CAP) Giralia ~10.4% stake

Hazelwood Resources Ltd -nickel  
(ASX:HAZ) Giralia ~ 3.3% stake

Gascoyne Resources Limited -gold  
(ASX-GCY) Giralia ~29.8% stake

**Directors:**

Chairman - Graham Riley  
Exec Director - Stan Macdonald  
Managing Director -Mike Joyce

**Senior Management:**

Company Sec. - Bruce Acutt  
Expl. Mgr - Julian Goldsworthy

**Major shareholders :**

AMCI	9.82%
Citicorp Nom.	5.73%
Breamlea P/L	5.59%
HSBC Cust. Nom.	4.56%
Macdonald SA	3.46%
National Nom.	3.46%
Yandal Inv.	2.92%

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**EXPLORATION:** Global JORC resource inventory at Giralia's 7 iron ore projects in Western Australia, is now 184.5 million tonnes, boosted by 2 significant new discoveries within trucking distance of Port Hedland.

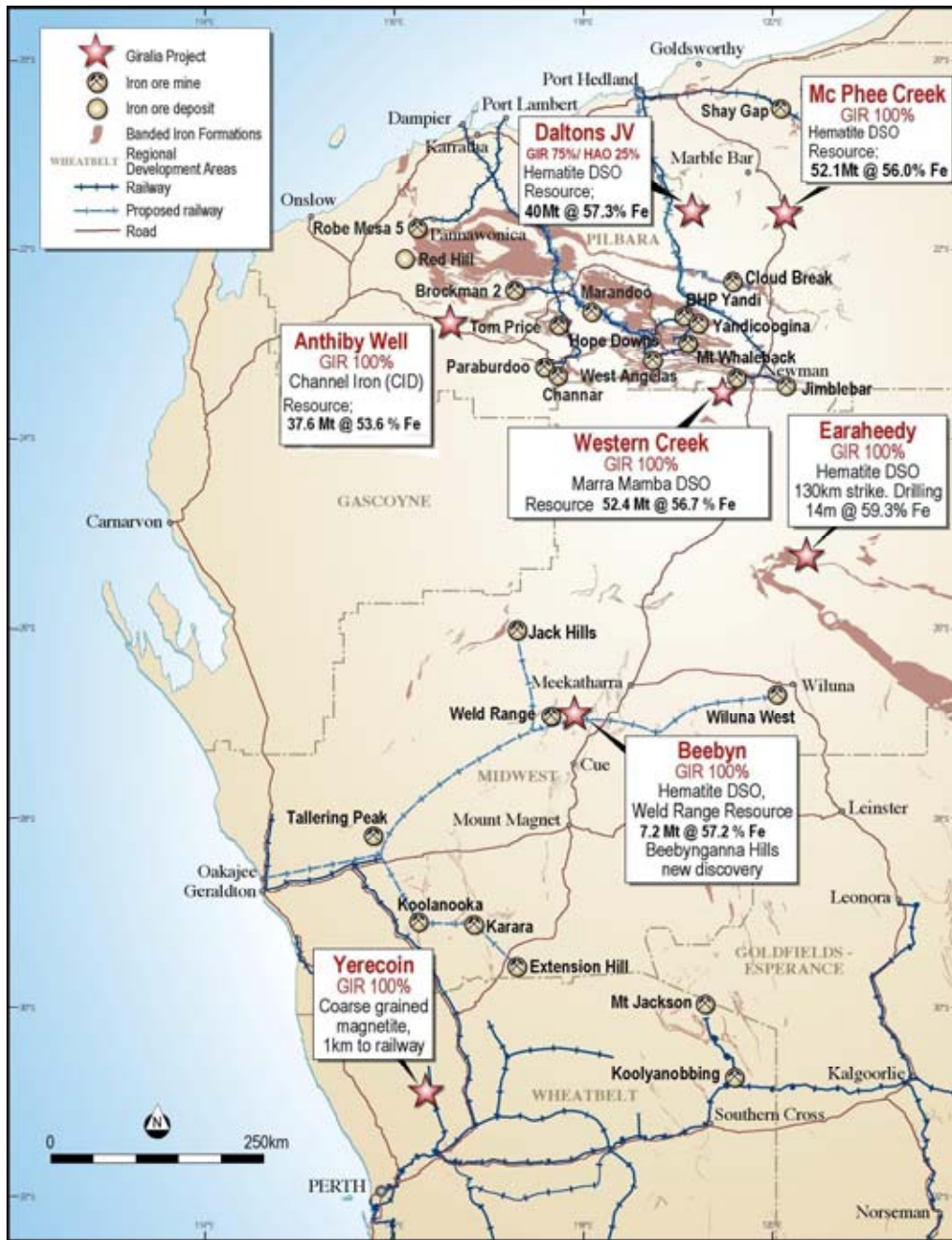
- **Daltons Iron Ore Project (75%):** Independent Scoping Study findings delivered on development options for Mt Webber DSO iron ore deposit (Maiden Resource September 2009: **40.0 million tonnes @ 57.3% Fe**);
  - Base Case of 2Mtpa mining and road haulage to Port Hedland, targeting production by 2<sup>nd</sup> quarter 2011;
  - **NPV(10%) of A\$170 million, IRR of 53.9%**
- **McPhee Creek Iron ore Project (100%):** Maiden Inferred Mineral Resource for new McPhee Creek main range discovery based on 71 RC holes completed to date;
  - **52.1 million tonnes @ 56.0%Fe (61.7% CaFe),**

Conservative Exploration Target of **100 to 140 million tonnes @ 57 to 60% Fe** for the western side of the 8 km long range. Resource is near-surface, and potentially within road haulage distance of Port Hedland. Scoping Study to evaluate development options.

- **Yerecoin Iron Ore Project (100%):** Resource drilling program (143 holes) scheduled for early February. Scoping Study on development options is due for delivery in early 2010. Initial Exploration Target of **200 to 250 million tonnes** of magnetite mineralisation grading 30-35%Fe, 150 km north of Perth, and within 1 km of existing rail access. Exceptional DTR results (grades >71%Fe, < 1%SiO<sub>2</sub> and coarse grind size for magnetite liberation).
- **Earaheedy Iron Ore Project (100%):** A 126 hole drilling program was completed in November 2009 at the greenfields Earraheedy project, Better intersections include **40 metres @ 50.4% Fe** (open at end of hole), **12 metres @ 55.5% Fe** within **30 metres @ 51.5% Fe**, and **4 metres @ 58.1% Fe**.
- **Beebyn Iron Ore Project (100%):** Positive results from initial DTR tests on magnetite drill samples from Beebynganna Hills; average grade of DTR concentrates 67% Fe, 4.5% SiO<sub>2</sub> and 17.5% weight recovery. For samples below 50 metres depth the average weight recovery was 20.8%. The iron formation package is over 150 metres wide on the section tested, and up to 11 km long.
- **Anthiby Well Iron Ore Project (100%):** Drilling is scheduled to commence in late January to collect PQ diameter drill core for beneficiation testwork.

**PARTNER FUNDED ACTIVITY:** Uranium mineralisation intersected in drilling at Lake Frome JV, EM conductor defined north of Cosmos nickel mine on Kathleen Valley JV.

**CORPORATE:** Giralia holds 29.77% of newly listed Gascoyne Resources Limited ("Gascoyne; ASX-GCY") which commenced trading on ASX on 11 December .2009, after a successful IPO.



Location of Giralia's Western Australian iron ore projects

Table : Giralia JORC Iron Ore Mineral Resources

Deposit	Tonnes (Mt)	Grade at Fe > 50%						Resource Category	Deposit Type
		Fe %	P %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	LOI %	^CaFe%		
Western Creek (100%)	52.4	56.7	0.06	6.2	3.6	8.9	62.2	Inferred	DSO
Daltons-Mt Webber (75%)	30*	57.3	0.09	7.5	1.4	8	62.3	Inferred	DSO
McPhee Ck (100%) Main	51.2	56.0	0.08	6.7	3.2	9.2	61.7	Inferred	CID
McPhee Ck (100%) CID	5.2	53.6	0.03	7.2	6.1	11.3	60.4	Inferred	CID
Anthiby Well (100%)	37.6	53.6	0.04	7.5	4.8	9.3	59.1	Inferred	CID
Beebyn (100%)	7.2	57.2	0.07	8.4	3.0	5.2	60.4	Inferred	DSO
Yerecoin (100%)									Magnetite
Earraheedy (100%)									DSO
<b>GRAND TOTAL</b>	<b>184.5</b>	<b>55.9</b>	<b>0.06</b>	<b>6.9</b>	<b>3.4</b>	<b>8.8</b>	<b>61.3</b>	Inferred	

<sup>^</sup>Calcined Iron grade (CaFe) is iron content upon removal of volatiles (i.e. LOI). \* Mt Webber tonnage is GIR attributable 75%

## **CORPORATE**

Giralia now holds 29.77% of newly listed Gascoyne Resources Limited ("Gascoyne; ASX-GCY") which commenced trading on ASX on 11 December 2009, after a successful IPO jointly sponsored by Helix Resources Ltd and Giralia. Qualifying Giralia shareholders received a priority entitlement to 7.5 million Gascoyne IPO shares.

Subject to shareholder approval at a General Meeting of Giralia Shareholders on 8 February 2010, Giralia intends to distribute in specie 14,600,000 of the 18,202,000 GCY shares held by the Company, at the ratio of approximately 1 GCY share for each 12.2 Giralia shares held. The Company will retain a 5.89% stake in Gascoyne post distribution.

At 31 December 2009, the Company had a total of approximately \$60 million in cash on deposit plus interest accruing at maturity on fixed interest deposits with terms ranging from 1 to 12 months.

## **EXPLORATION**

### **IRON ORE PROJECTS**

#### **Daltons Joint Venture (Giralia 75%, Haoma Mining NL 25%)**

Late in the quarter (17 December 2009) the Company reported the findings of an independent Scoping Study by ProMet Engineers Pty Ltd ("ProMet") on development options for the Mt Webber iron ore deposit, part of the Daltons Joint Venture (Giralia 75% interest, Haoma Mining NL ("Haoma") 25% interest), located 150 kilometres south of Port Hedland in the Pilbara region of Western Australia.

The Daltons JV's Mt Webber deposit has an Inferred Mineral Resource reported on 14 September 2009 of **40 million tonnes @ 57.3% Fe**, including **33.8 million tonnes @ 57.9% Fe, 1.44% Al<sub>2</sub>O<sub>3</sub> (63.06% CaFe)** in the Main Southern Zone. The Daltons JV tenements at Mt Webber directly adjoin Atlas Iron Limited's Mt Webber prospect, which has a reported resource of 43.7 million tonnes @ 57.4% Fe.

The Daltons JV commissioned ProMet to prepare a Scoping Study for its Mt Webber Iron Ore Project, targeting the production of direct shipping iron ore ("DSO") at 2 million tonnes per year by open pit mining. A number of mining, processing and transport options were considered.

Mining, processing and trucking options were:

- Owner owns and operates the plant and equipment (Base Case).
- Owner owns and operates the processing plant and infrastructure, and leases the mining fleet and contracts out the transport to port to a contractor who purchases and operates his own trucking fleet (Alternative 1).
- Build, own and operate by the contractor.

Logistic options reviewed were:

- Road haul to Port Hedland, sales FOB ship
- Road haul to rail loop at 3rd party rail, sales FOB rail wagon
- Road haul to rail loop at 3rd party rail, sales FOB ship.

The proposed Base Case operation would consist of:

- mining by conventional truck and shovel methods;
- mobile crushing and screening plant;
- mine product stockpiles;
- fleet of side tipping truck/trailers, ~115 t net payloads; and
- use of port facilities at Pt Hedland.

The Base Case yields a **NPV (10%) of A\$170 million** and an **IRR of 53.9%** with 30% equity and 70% debt funding.

The estimated capital and operating costs for an owner owned and operated plant and equipment (Base Case) and leasing of mining fleet and contract Trucking (Alternative 1) with an accuracy of ±25% are:

<u>Case</u>	<u>Description</u>	<u>CAPEX</u>	<u>Contingency included</u>	<u>#OPEX \$/t</u>
Base Case	Owner Owned and Operated	\$115M	\$19.3M	\$42.12
Alternative 1	Lease and Contract Trucking	\$49.5M	\$ 7M	\$47.80

*Note: # Excluding Royalties*

Almost half (47%) of the total operating costs (OPEX) are related to road haulage, and operating costs would be significantly lower if access can be negotiated to 3<sup>rd</sup> party rail infrastructure.

ProMet consider that the project has attractive returns and is viable under a number of different development scenarios from fully owner owned and operated (Base Case) to various combinations of leasing and contracting out. The implementation schedule for the Project indicates that it may be possible to achieve a first shipment of ore by the 2<sup>nd</sup> quarter of 2011. ProMet has recommended that the Daltons JV proceed directly with further drilling, testwork and environmental studies as part of a Definitive Feasibility Study to confirm these results.

As part of the Scoping Study, a single PQ diamond core hole was drilled during the quarter to provide material for preliminary testwork. Hole RDDW001 was drilled to 70.5 metres depth on the eastern edge of the deposit close to previous RC hole RCDW021. The hole tested the main southern zone but did not drill through to the lower mineralized zone. Five drill core composites were selected for testwork as shown in the table below;

**RDDW001- PQ core composites head assays**

<b>From (m)</b>	<b>to (m)</b>	<b>Fe (%)</b>	<b>SiO<sub>2</sub> (%)</b>	<b>Al<sub>2</sub>O<sub>3</sub> (%)</b>	<b>P (%)</b>	<b>S (%)</b>	<b>LOI-1000 (%)</b>
0	15	49.28	21.21	1.53	0.004	0.035	5.53
15	24	53.84	11.15	2.05	0.074	0.026	7.74
24	34.5	63.62	1.52	1.00	0.109	0.018	5.64
34.5	48	63.17	1.63	0.98	0.088	0.014	6.32
48	64.5	60.80	1.61	1.15	0.144	0.010	9.98

The core hole returned an intersection from **0 to 64.5 metres @ 58.27% Fe**, including **24 to 64.5 metres @ 62.32% Fe, 1.59% SiO<sub>2</sub>, 1.05% Al<sub>2</sub>O<sub>3</sub>, 0.12% P, 0.013% S, and 7.63% LOI**.

Three composite samples of DSO grade from RDDW001 (24-34.5 metres, 34.5-48 metres and 48-64.5 metres) were tested by:

- drop testing to simulate breakage of the ore as the ore is handled from crushing through to the ship;
- assaying by size to see if any size fraction contains the bulk of the impurities; and
- physical testwork to determine the physical characteristics of the ore.

The testwork led to the following conclusions:



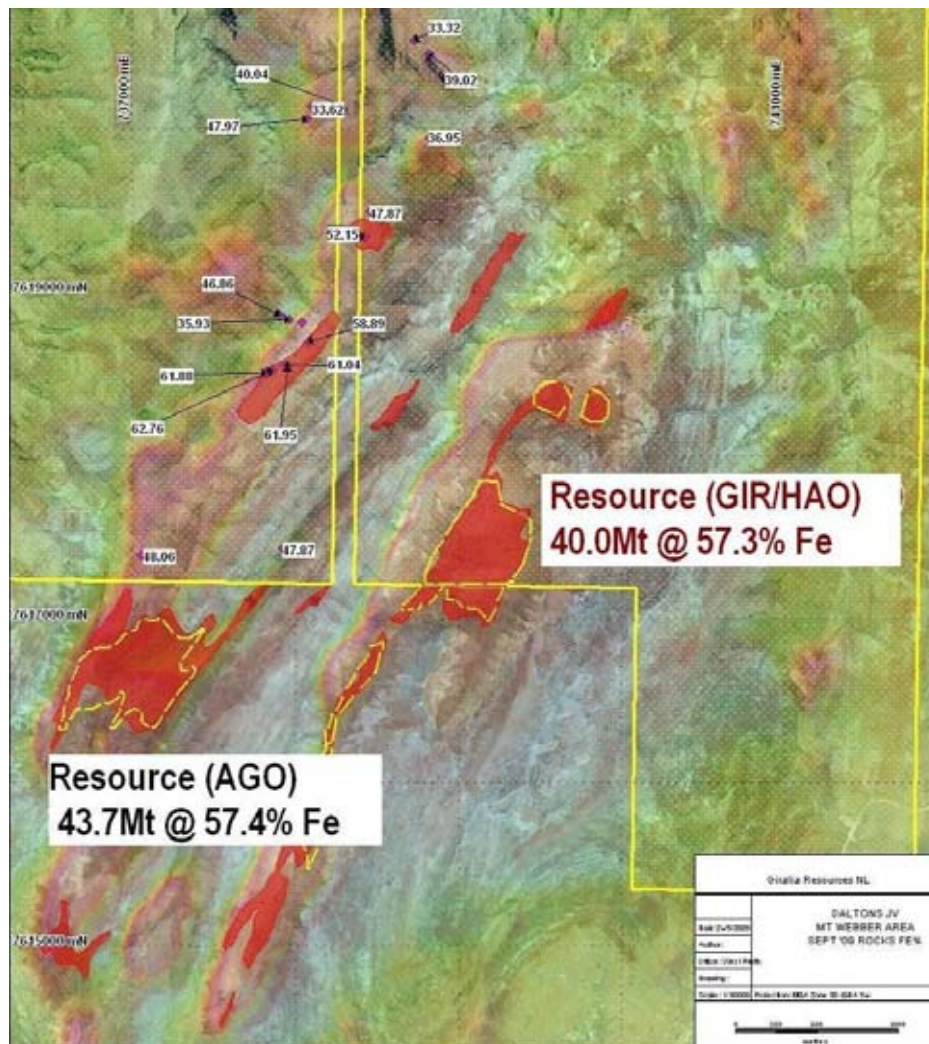
**Drop Tower Testwork;** The lump to fines ratio (ship) varied with depth, ranging from a high 56.8% : 43.2% to a low of 32.4% : 67.6% before increasing again. The depth weighted average is anticipated to be around 45% : 55%.

**Sizing Testwork;** The samples (-24 m to -64.5 m), are DSO grade material which do not need to be further upgraded as impurities are below critical levels. There is no indication of high Al<sub>2</sub>O<sub>3</sub> fines reporting to the finest fraction for potential removal by washing. The DSO ores, i.e. Samples 3, 4a and 5, have low Al<sub>2</sub>O<sub>3</sub> content which is attractive to steel mills however, the P (>0.12%) may cause marketability problems and/or cause a penalty to be invoked.

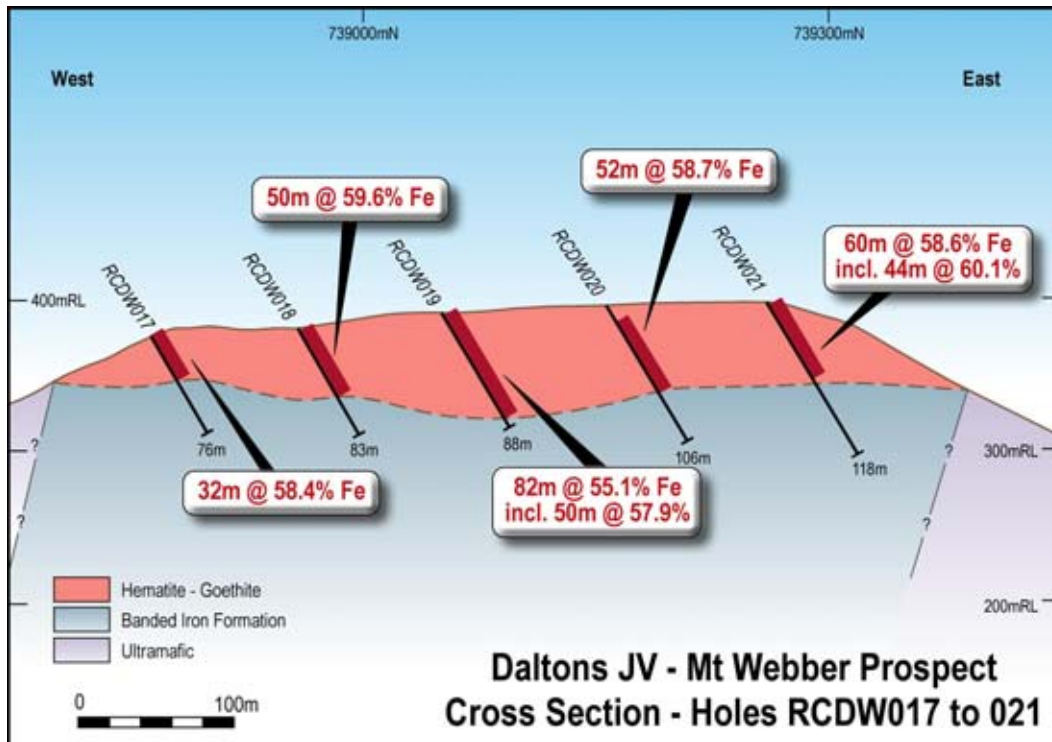
**Physical Testwork;** The Crusher Work Index (“CWI”) and Unconfined Compressive Strength (“UCS”) of the samples indicate that the ore is fairly soft and suitable for the application of mineral sizers for crushing. The Abrasion Index (“AI”) of the samples is low, indicating that the ore is not very abrasive. Typical results were achieved from the specific gravity and bulk density testwork done on the ore.

ProMet recommend that:

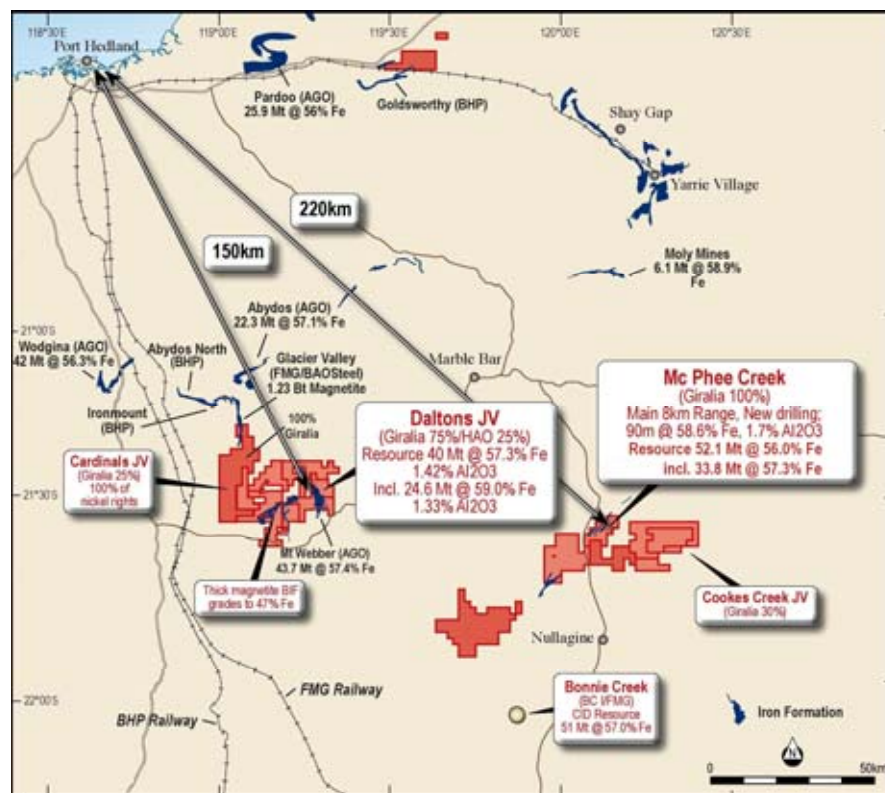
- similar testwork be undertaken on a number of different drill core samples to confirm that these results are typical for the ore body;
- pilot plant testwork may be carried out to confirm the parameters used for the design basis and generate the larger samples for required engineering testwork and marketing purposes; and
- thermal testing of lump and fines be undertaken for marketing purposes.



*Daltons JV Mt Webber iron ore prospect. JV tenements in Yellow*



*Mt Webber Cross Section*



*Location plan Daltons JV tenements*

**McPhee Creek Iron Ore Project - (Giralia 100%)**

On 15 December the Company announced the maiden JORC resource for the main range discovery at the Company’s 100% owned McPhee Creek iron ore prospect, located 220 kilometres south-east of Port Hedland, and around 50 kilometres north of BC Iron Limited/ FMG’s Nullagine-Bonnie Creek channel iron deposits (“CID”) in the Pilbara region of Western Australia.

The maiden Inferred Mineral Resource is based on 71 RC holes completed to date, since discovery in September 2009;

- Overall Resource **52.1 million tonnes @ 56.0%Fe (61.7% CaFe)**, at 50% Fe cut-off
- Includes **33.8 million tonnes @ 57.3%Fe (62.9% CaFe)**, at 55% Fe cut-off

The deposit remains open in most directions and shallow dips indicate large tonnage potential along the range which is ~8 kilometres long and up to 1 kilometre wide. A conservative Exploration Target# established of 100 to 140 Mt @ 57 to 60% Fe for the western side of the range only.

The resource is near-surface, and potentially within road haulage distance of Port Hedland.

Iron ore mineralisation on the main range at McPhee Creek appears to be a shallow dipping hematite rich zone within an Archaean aged banded iron formation sequence. The main range is approximately 8 kilometres long, and up to 1 kilometre wide. Hematite mineralisation is up to 90 metres thick, and starts from surface in many holes.

Surface mapping indicates that mineralisation extends further east than the area currently drilled, and extends south into a synclinal keel where recent rock sampling has returned high iron grades. As the eastern most hole on most sections drilled is mineralised, this suggests that relatively flat lying mineralisation could extend considerably further than currently modelled in the Company's conservative initial **Exploration Target#** of **100 to 140 million tonnes** of hematite iron ore (57-60%Fe) for the main range deposit.

<b>Giralia Resources -Mineral Resource Estimate -McPhee Creek Main Range Deposit as at 15 December 2009</b>								
<b>Deposit Cut-off Grade</b>	<b>Category</b>	<b>Tonnes (Mt)</b>	<b>Fe %</b>	<b>P %</b>	<b>SiO<sub>2</sub> %</b>	<b>Al<sub>2</sub>O<sub>3</sub> %</b>	<b>LOI %</b>	<b>CaFe %</b>
<b>Main Range Total &gt; 50 % Fe</b>	<b>Inferred</b>	<b>52.1</b>	<b>56.0</b>	<b>0.08</b>	<b>6.7</b>	<b>3.2</b>	<b>9.2</b>	<b>61.7</b>
<b>Main Range Total &gt; 55 % Fe</b>	<b>Inferred</b>	<b>33.8</b>	<b>57.3</b>	<b>0.09</b>	<b>5.7</b>	<b>2.7</b>	<b>9.0</b>	<b>62.9</b>

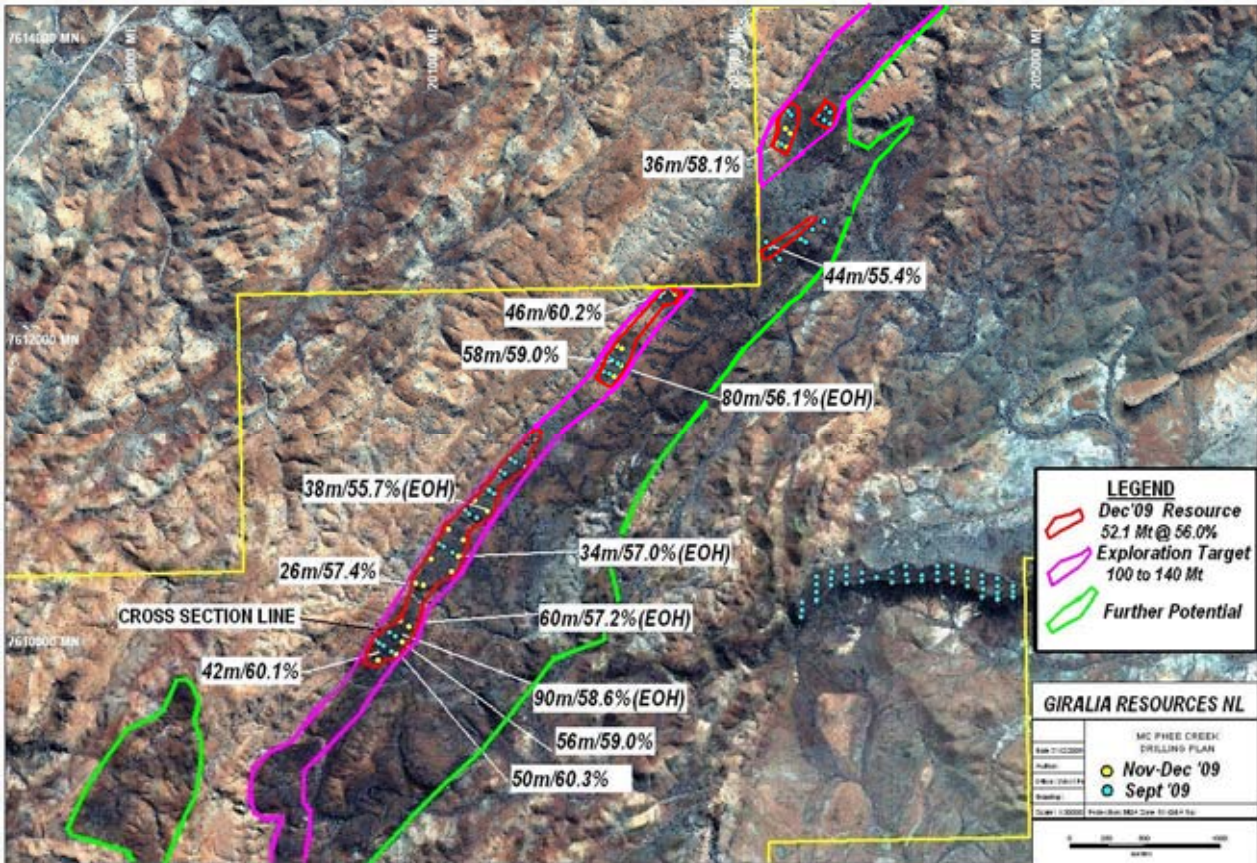
*Note: The Mineral Resource was estimated within constraining wireframe solids based on a nominal lower cut-off grade of 50% Fe. The resource is quoted from blocks above the specified cut-off grade % Fe. Calcined Iron grade (CaFe) is a measure of iron content upon removal of volatiles (i.e. LOI). Differences may occur due to rounding.*

*# The term "Exploration Target" should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves as defined by the JORC Code (2004), and therefore the terms have not been used in this context. Exploration targets are conceptual in nature, and it is uncertain if further exploration or feasibility study will result in the determination of a Mineral Resource or Ore Reserve.*

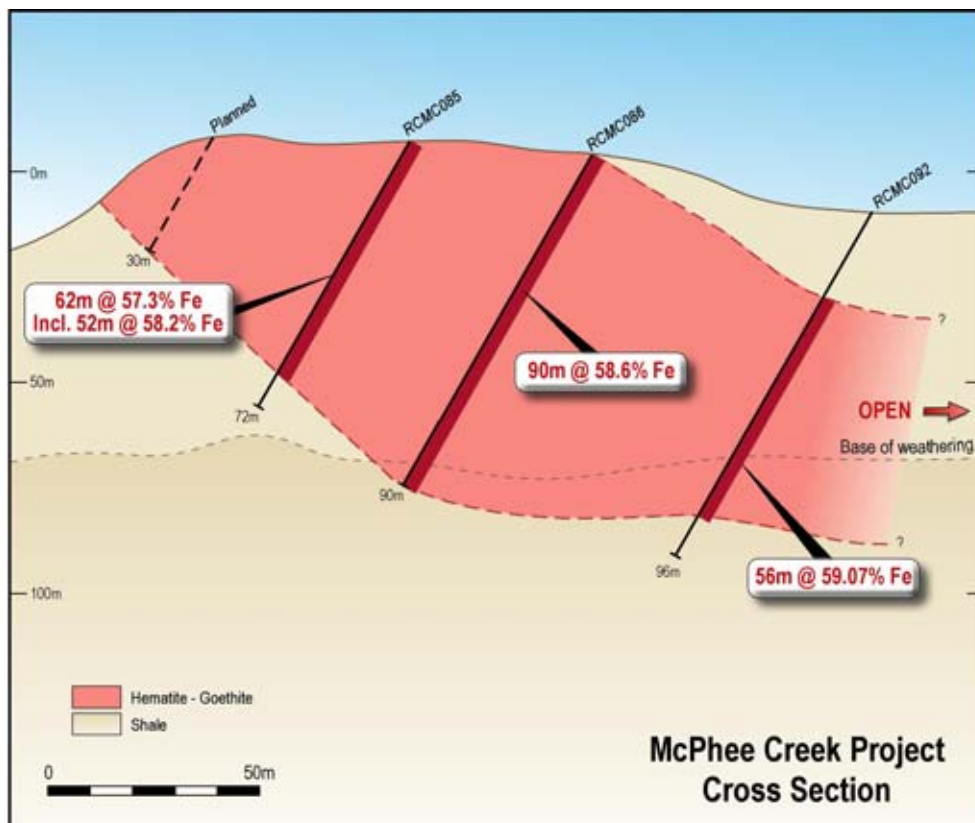
Internationally recognised geological consultants CSA Global Pty Ltd (CSA) were commissioned by Giralia to complete the maiden resource estimate for the McPhee Creek main range deposit. Methodology, procedure and parameters used for the Mineral Resource estimate are detailed in the CSA summary report (Annexure 1). Delineation of this updated Mineral Resource is based on 71 reverse circulation ("RC") drill holes completed to date at McPhee Creek main range by Giralia in September to November 2009, which returned intersections including; **90 metres @ 58.6% Fe** from surface to end of hole, **50 metres @ 60.3%Fe**, **46 metres @ 60.2% Fe**, **56 metres @ 59.0%Fe**, and **80 metres @ 56.1%Fe**.

The Company has initiated a study into development options at McPhee Creek, focused on road haulage to Port Hedland.





McPhee Creek iron ore deposits, drill hole plan



McPhee Creek main range Cross Section



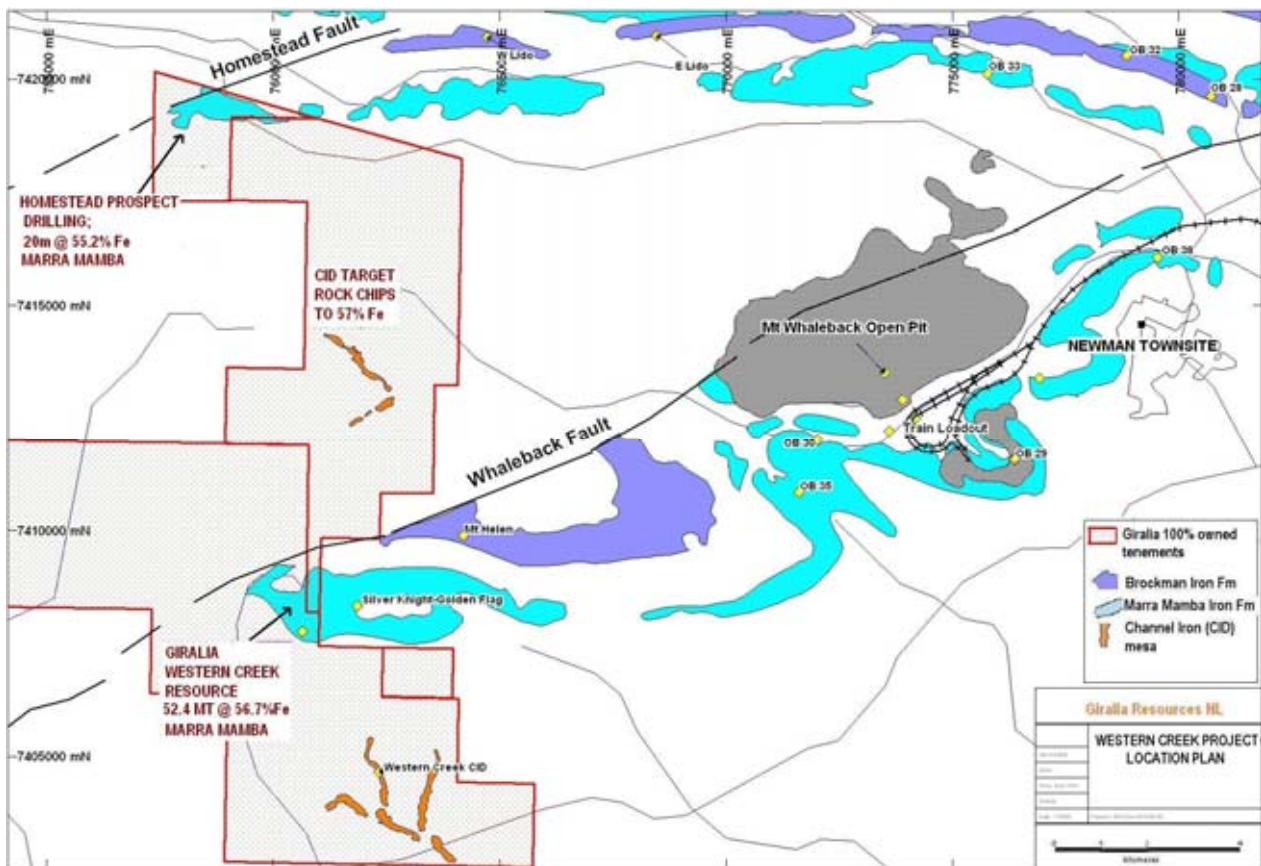
### Western Creek Iron Ore Project – (Giralia 100%)

Giralia's 100% owned Western Creek tenements adjoin the BHP Billiton Mt Newman iron-ore mining leases in the Western Ridge area, around 15 kilometres west of Newman in the Pilbara region of Western Australia.

The current Inferred Mineral Resource of **52.4 million tonnes @ 56.7% Fe** (estimated at a lower cut-off grade of 50%Fe) includes higher grade zones of **32.6 million tonnes @ 58.3% Fe** (at a 56%Fe lower cut-off grade).

The Mineral Resource comprises thick zones of flat lying or shallow dipping iron ore mineralisation, and occurs to a maximum depth of only around 50 metres from the natural land surface, likely to result in very low waste to ore ratios. Average thickness of the shallow dipping sheet of mineralisation in the higher grade South Marra Mamba zone is approximately 30 metres, with better intersections of near surface iron ore including; **50m @ 60.4% Fe, 50m @ 58.2% Fe and 42m @ 59.1% Fe**.

A 59 hole program of RC drilling to test both the central Marra Mamba hill at the “Homestead” prospect around 10 kilometres north of the Western Creek Mineral Resource, and nearby Channel Iron Deposit (“CID”) targets is now fully permitted, with drilling scheduled for late in the March quarter.



*Location of Giralia's Western Creek Project (red) near BHPBilliton's Newman operations*

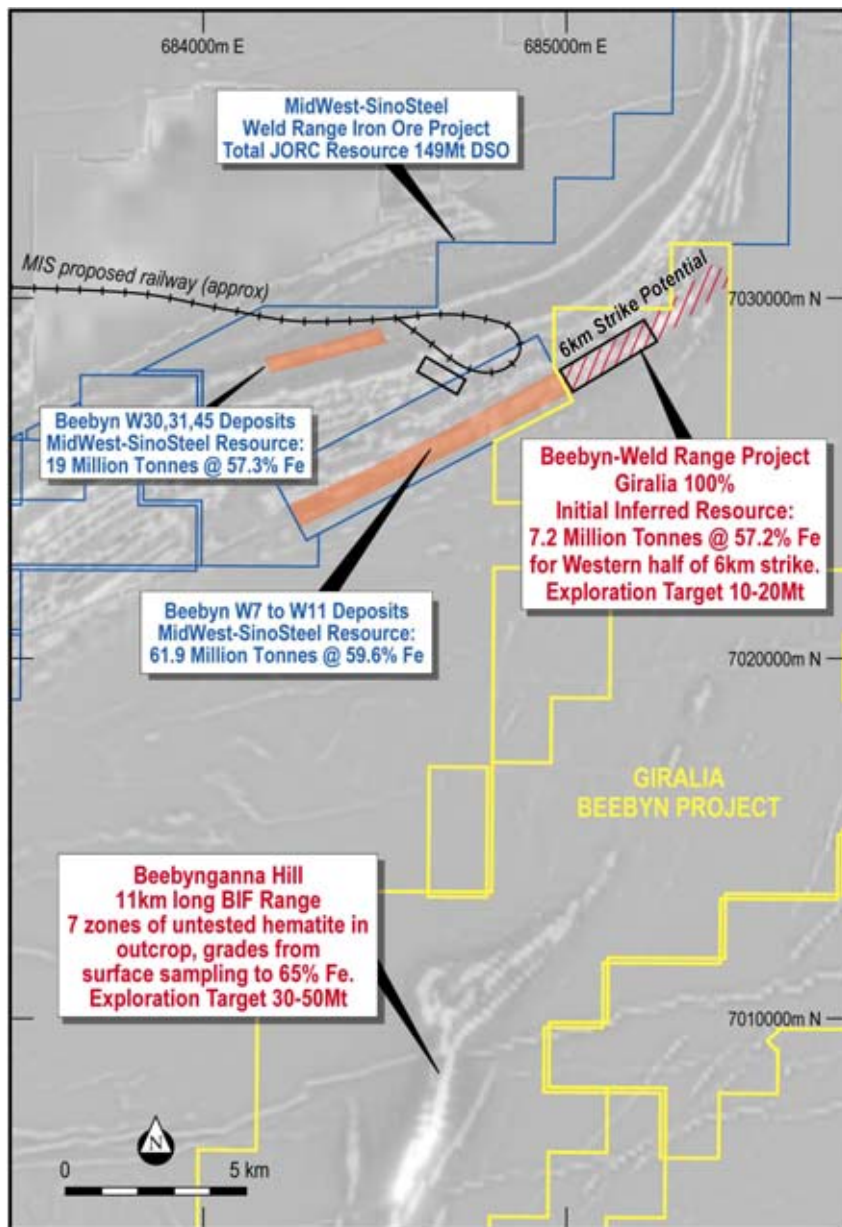
### Beebyn Iron Ore Project - (Giralia 100%)

Giralia's 100% owned Beebyn project is located in the emerging MidWest iron ore province of Western Australia. Third party access rail infrastructure is proposed right to Giralia's project, which directly adjoins the Sinosteel Midwest Corporation Weld Range deposits. Two target areas for iron ore are being advanced at Beebyn; a 6 kilometre long segment of the north-eastern Weld Range, with an initial JORC Inferred Resource estimate of **7.2 million tonnes @ 57.2 % Fe** based on shallow drilling to date of around 50% of the strike, and the "Beebynganna Hills" prospect, an 11 kilometre long iron formation range located just

south of the Weld Range, where 7 previously untested outcropping zones of hematite have been discovered by Giralia geologists.

An August 2009 RC drilling program returned the best hematite intersections to date at Beebynganna Hills; **28 metres @ 59.1% Fe, and 28 metres @ 58.3%Fe, including 16 metres @ 61.1%Fe**, and confirmed hematite resource extensions on the Weld Range; **18 metres @ 61.3%Fe**.

Wide zones of magnetite rich material were also noted particularly at Beebynganna Hills, and initial DTR testwork was completed during the quarter to establish magnetite beneficiation characteristics. A total of 26 DTR tests were completed on 8 metre downhole composites from 3 drill holes on one section at Beebynganna Hills. Results were positive, with the average grade of all DTR concentrates 67% Fe and 4.5% SiO<sub>2</sub> at 17.5% weight recovery, while for samples below 50 metres downhole depth the average weight recovery was 20.8% with a maximum weight recovery of 37% in the deepest composite tested. The banded iron formation package is over 150 metres wide on the section tested, and much of the material tested was clearly partially oxidised. The Company considers that a substantial magnetite target exists at Beebynganna Hills beneath lenses of high grade hematite mineralisation.



*Beebyn Project locations on grey scale aeromagnetic image*

### Earaheedy Iron Ore Project (Giralia 100%)

Giralia's Earaheedy tenements cover 570 square kilometres, in the Miss Fairbairn Hills area of the northern Earaheedy Basin, 100 km north of Wiluna, and 200 km south of Newman in Western Australia. A small program of shallow drilling in the late 1970s by Amax Exploration (Australia) Inc. returned intersections of 22 metres @ 56.5% Fe including 14 metres @ 59.3% Fe, and 4 metres (to end of hole) @ 60.4% Fe wholly within Giralia's current tenements. Giralia's mapping and rock sampling has confirmed high-grade outcropping hematite mineralization, and better intersections from previous Giralia drilling include **20 metres @ 55.7% Fe**, within an overall zone of **40 metres @ 51.6% Fe**, **24 metres @ 53.8% Fe** from surface including **8 metres @ 58.7% Fe**, **12 metres @ 57.3% Fe** from surface and **38 metres to end of hole @ 53.6% Fe**, including **8 metres @ 56.8% Fe**.

A follow up RC drilling program of 126 holes/ 6678 metres (holes RCE166 to RCE289) was completed in November 2009 to test beneath the widespread hematite outcrops at the Company's wholly owned Earaheedy project. The 2009 program involved around 40 kilometres of new track construction to access a number of new hills. Holes were drilled predominantly as single traverses of 200 metre spaced vertical holes along the new tracks constructed to access the crests of the low hills.

Assay results now received continue to confirm deep penetrative hematite enrichment of the iron formations in the Miss Fairbairn Hills, with many intersections commencing from surface. Results from the first traverses drilled in the southern hills and north eastern traverses returned several thick zones of continuous hematite mineralization often open below the depth of drill testing, particularly in the southern hills (see fig 2). Better intersections include **40 metres @ 50.4% Fe** (open at end of hole), **12 metres @ 55.5% Fe** within **30 metres @ 51.5% Fe**, and **4 metres @ 58.1% Fe**. Mineralisation appears to be occurring as thick, shallowly dipping, open ended sheets of bedded hematitic iron formation and shale as anticipated from surface outcrop mapping and sampling (Fig.2).

Additionally, pisolitic and pelletal hematitic gravels were again noted flanking the hills of hematite outcrop; previous drilling of these detrital gravels in the south west hills reported by Giralia in early 2008 showed large tonnage potential and encouraging results from field screening testwork for beneficiation to DSO grades. Further beneficiation testwork is planned on the gravels, and on the thick low grade bedded hematite zones.

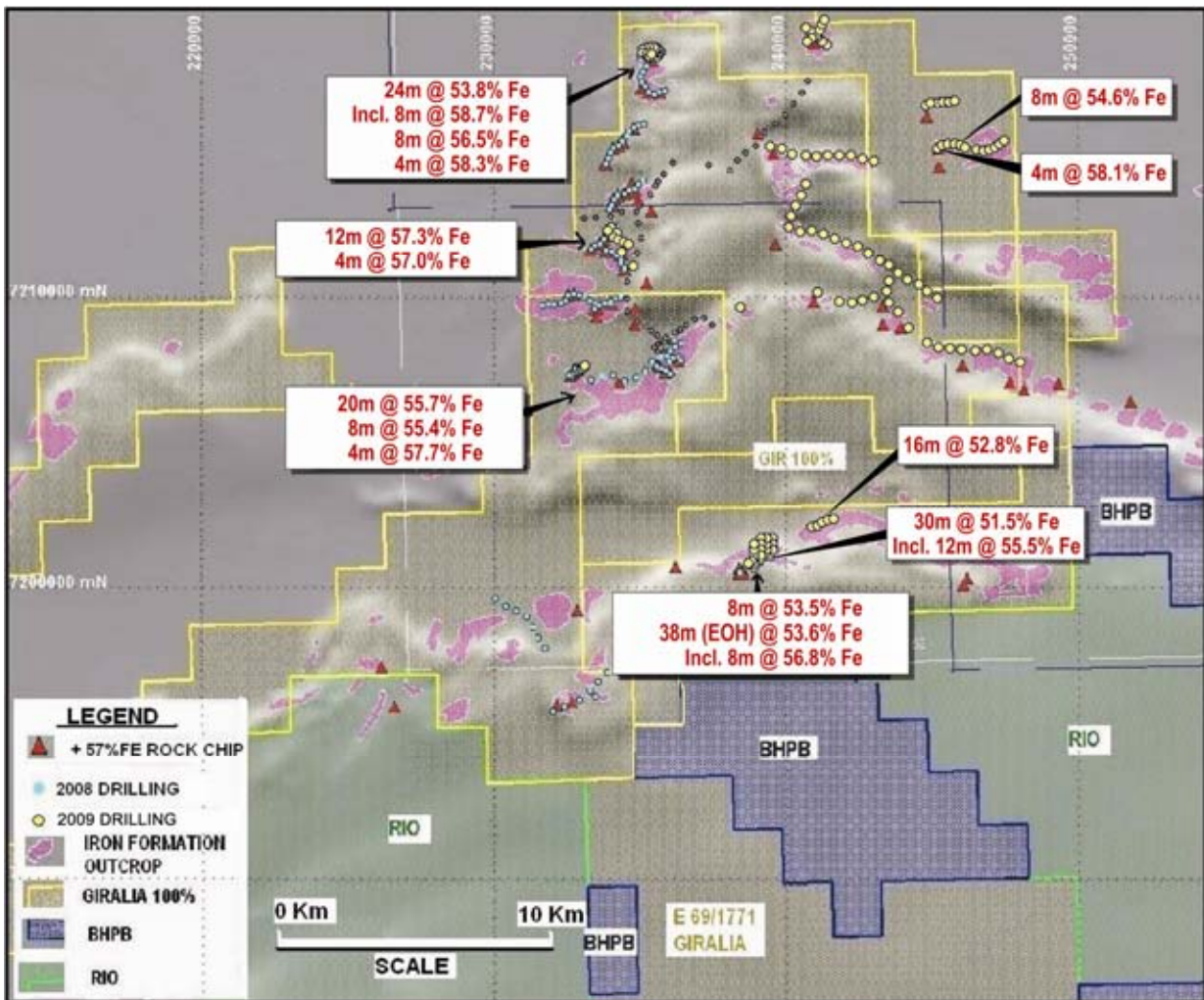
#### ***Earaheedy Project November 2009 RC Drilling Results >4 metres @ 50% Fe***

Hole No	Coordinates		Dip/Az	Depth (m)	From (m)	To (m)	Interval (m)	Fe %	P %	Al <sub>2</sub> O <sub>3</sub> %	LOI
	East	North									
RCE 166	238705	7200835	-90	72	32	72	40 (EOH)	50.4	0.16	10.3	4.4
RCE 167	238804	7200892	-90	72	40	68	28	51.8	0.22	9.2	5.0
RCE 169	238962	7200726	-90	60	48	54	6	55.1	0.40	7.4	5.4
				incl.	48	52	<b>4</b>	<b>57.3</b>	<b>0.37</b>	<b>6.2</b>	<b>5.0</b>
RCE 174	239105	7201014	-90	60	6	36	30	51.5	0.28	7.9	6.7
				incl	20	32	<b>12</b>	<b>55.5</b>	<b>0.48</b>	<b>5.8</b>	<b>8.7</b>
RCE 179	239314	7201293	-90	21	10	18	8	52.8	0.14	6.0	6.6
RCE 179A	239310	7201309	-90	60	10	14	4	51.4	0.15	5.4	6.8
RCE 188	241496	7202293	-90	60	4	20	16	52.8	0.02	6.2	4.0
RCE 200	245339	7215352	-90	38	16	20	<b>4</b>	<b>58.1</b>	<b>0.03</b>	<b>5.1</b>	<b>5.3</b>
RCE 203	245970	7215357	-90	48	24	32	8	54.6	0.07	5.7	7.6
				incl.	24	28	<b>4</b>	<b>56.1</b>	<b>0.07</b>	<b>5.3</b>	<b>6.7</b>
RCE246	243084	7210279	-90	60	4	8	4	50.2	0.03	7.0	3.9
RCE261	241219	7218855	-90	48	16	24	8	51.0	0.02	6.8	5.2
			-90								
RCE266	235577	7218474		48	36	42	6	50.6	0.10	4.1	6.7

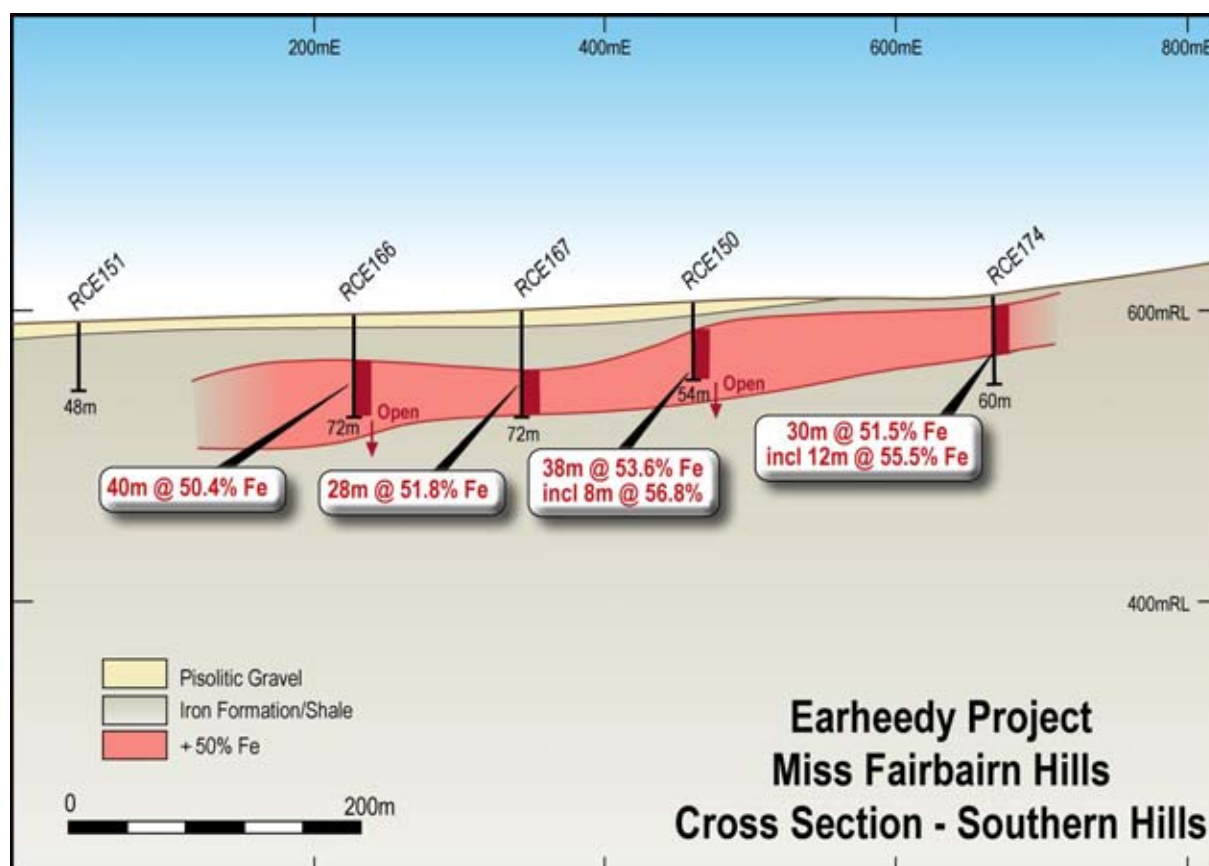


Hole No	Coordinates		Dip/Az	Depth (m)	From (m)	To (m)	Interval (m)	Fe %	P %	Al2O3 %	LOI
	East	North									
RCE271	235254	7218655	-90	48	0	2	2	56.0	0.03	3.9	4.9
RCE276	235301	7218346	-90	48	0	6	6	52.3	0.03	4.4	6.6
RCE277	235384	7218404	-90	48	14	30	16	51.5	0.01	5.1	5.1
				incl.	14	18	4	55.6	0.01	5.4	5.7
				and	26	30	4	56.2	0.01	3.8	5.1
RCE278	234180	7212236	-90	15	10	12	2	53.0	0.02	7.6	6.0
RCE278a	234190	7212233	-90	54	8	14	6	52.1	0.02	6.0	8.1
RCE283	234359	7211561	-90	54	16	20	4	52.8	0.02	7.5	3.3
RCE288	233032	7207579	-90	48	26	38	12	53.6	0.05	4.9	6.3
				incl.	30	36	6	55.2	0.03	5.5	5.7

RC drill samples collected as 2 or 4 composites. Intersections quoted using lower cut-offs of 50% and 55% Fe. Up to 8 metres included material below cut-off. All coordinates in MGA Zone 51 GDA 94, by hand held GPS ( $\pm 5m$ ). XRF analyses by Spectolab Laboratory Geraldton. EOH = open at end of hole. QA/QC included typically field duplicate samples and two standard (Certified Reference Material), comprising one coarse standard and one pulverised standard for each drill hole.



Earraheedy Project, grey scale aeromagnetics with Giralia tenure (yellow) showing iron formation outcrops (pink) and November 2009 drilling (yellow dots)



*Cross Section of Earheedy drilling in the southern hills*

**Anthiby Well (Giralia 100%, subject to production royalty)**

Giralia reported an initial JORC Inferred Mineral Resource of **37.6 million tonnes @ 53.6%Fe ( 59.1% CaFe)** in the March 2009 quarter at the Anthiby Well iron ore channel iron (CID) project, located around 100 kilometres west of Paraburdoo in the Pilbara Region of Western Australia.

The CID mineralisation occurs on several prominent mesas, from surface to a maximum depth of approximately 40 metres. Better drilling intersections include; **32 metres @ 55.1% Fe including 24 metres @ 56.0% Fe, 22 metres @ 56.3% Fe, and 18 metres @ 56.2% Fe.**

Diamond drilling is scheduled for late January 2009 to produce PQ diameter drill core material for beneficiation testwork to establish whether the lower grade CID mineralisation is amenable to low cost upgrading using screening.

The Anthiby Well CID resource is well located with respect to infrastructure, around 220 kilometres by road from Onslow port, and directly adjacent to the sealed Paraburdoo to Nanutarra Highway.

Subject to positive beneficiation results the Company intends to investigate development options for the project through a Scoping Study.

**Yerecoin Iron Ore Project – (Giralia 100%)**

Giralia's 100% owned Yerecoin project is located 10 kilometres east of New Norcia and 150 kilometres north of Perth, within 1 kilometre of existing rail access. An initial drilling program completed in March 2009 intersected moderately dipping magnetite mineralisation, with better intersections of **72 metres @ 32.4% Fe incl. 56 metres @ 35.7% Fe, and 50 metres @ 30.3% Fe.** Exploration work to date has defined in excess of 30 kilometres of strike of outcropping and magnetically interpreted banded iron formation (BIF) at the Yerecoin project.

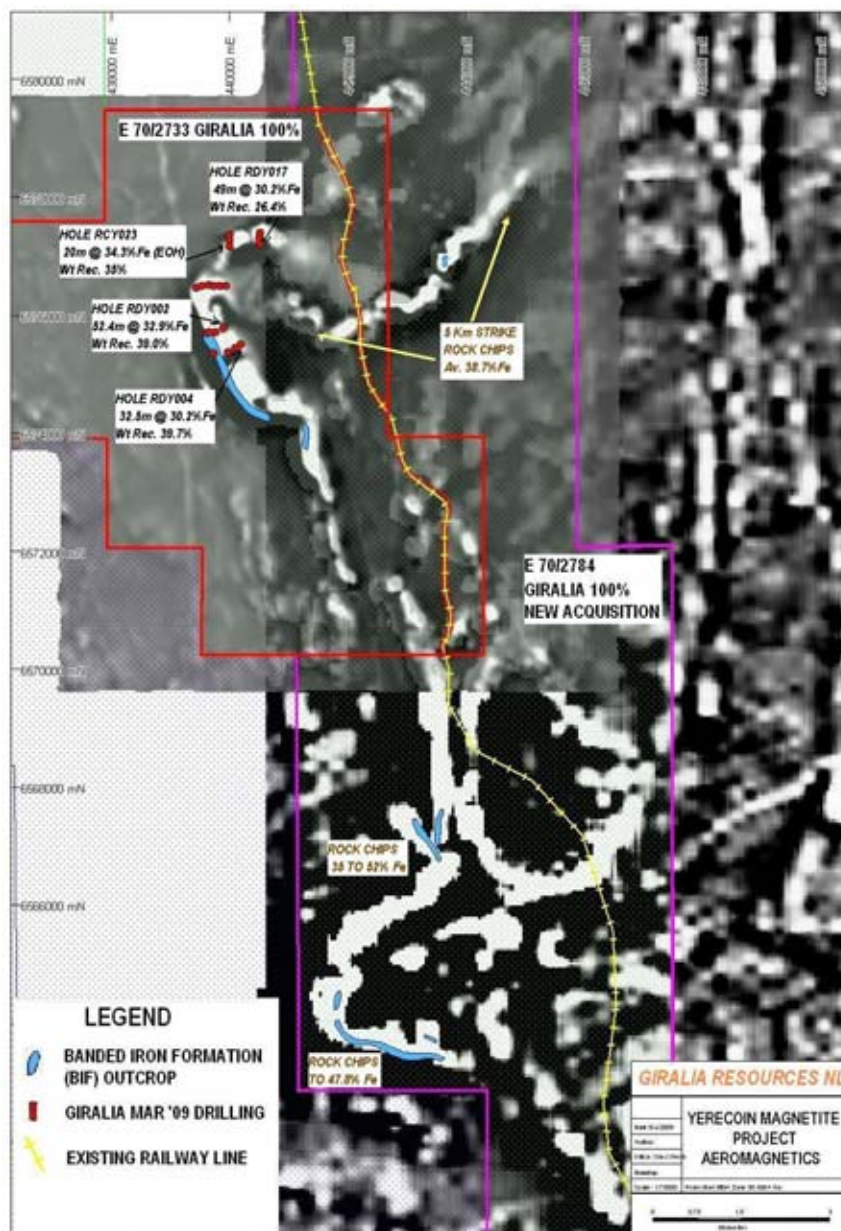
Davis Tube Recovery (“DTR”) and grind optimisation tests indicate that mineralisation at Yerecoin has exceptionally favourable magnetic separation liberation characteristics, likely to enable a premium

product with DTR concentrate grades in excess of 71% Fe, with very low silica (<1% SiO<sub>2</sub>), at a grind size much coarser than other Western Australian magnetite projects.

The Company has reported an initial Exploration Target\* at its 100% owned Yerecoin project of 200 to 250 million tonnes of magnetite mineralisation grading 30% to 35% Fe, based on observed dips and thicknesses of mineralisation from RC and diamond drilling data, and integration of surface mapping and rock sampling and interpretation of aeromagnetic data.

Experienced magnetite specialists ProMet Engineers are completing a Scoping Study to review development options and assist in forward planning, with a focus on options for product specifications, production levels, capital and operating costs and port/rail planning solutions. Delivery of the Scoping Study has been delayed from the original scheduled date of November 2009, and is now anticipated in February 2010.

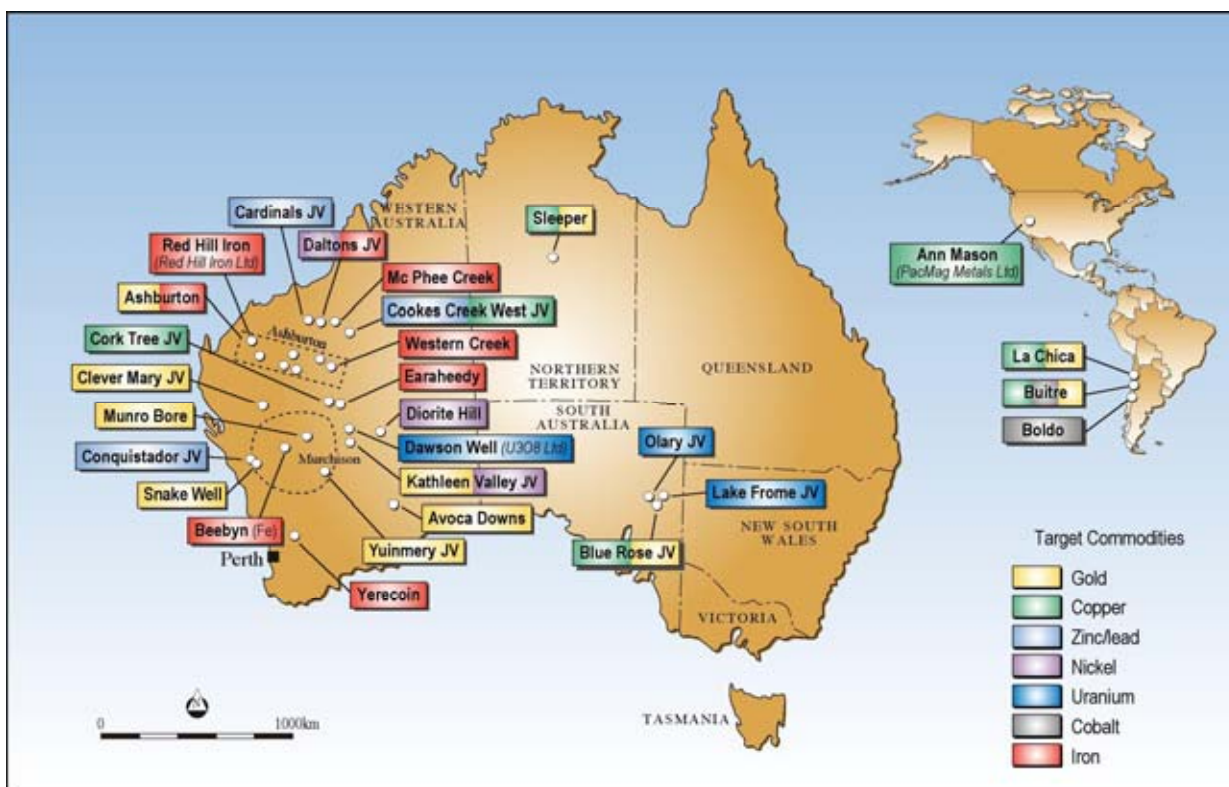
Drilling is scheduled for early February in a fully permitted 143 hole drilling program at the Yerecoin project, with resource infill drilling planned at the northern end of the project area and reconnaissance traverses planned for the southern extensions.



*Yerecoin 2009 drill hole locations on aeromagnetic image*

## OTHER PROJECTS





**Location Plan – Giralia Projects**

**Lake Frome Joint Venture (Giralia 25% free carried, Heathgate Resources Pty Ltd 75%)**

The Company's key Lake Frome Joint Venture is located adjacent to the operating Beverley in-situ leach uranium mine in South Australia, and covers around 45 kilometres of strike of the range front north and south of the new Beverley Four Mile discovery, along with the direct extensions of the Beverley East and Deep South deposits. Heathgate Resources Pty Ltd ("Heathgate"), an affiliate of the US utility General Atomic, manages a joint venture over Giralia's tenements, under which Heathgate can confirm a 75% interest by meeting all expenditure up to a decision to mine, with Giralia free carried at 25%. Heathgate has recently extended its mineral production leases at Beverley to the east and south, to now directly adjoin Giralia's tenements.

On the North Mulga tenement, several previous drill holes have reported significant intersections at the Yadglin prospect including **2.76 metres @ 0.109 % eU<sub>3</sub>O<sub>8</sub>**, **3.76 metres @ 0.038 % eU<sub>3</sub>O<sub>8</sub>**, **1.09 metres @ 0.095 % eU<sub>3</sub>O<sub>8</sub>**, and **0.87 metres @ 0.119 % eU<sub>3</sub>O<sub>8</sub>**.

Heathgate report that a total of 17 rotary mud drillholes for 4,515 metres were completed during the December quarter. On the North Mulga tenement, a 5 hole (1790 metres) program was focused on the Yadglin prospect. Uranium mineralization was intersected in 3 holes;

NM074; **1.5 metres @ 0.05% eU<sub>3</sub>O<sub>8</sub>**, from 165 metres

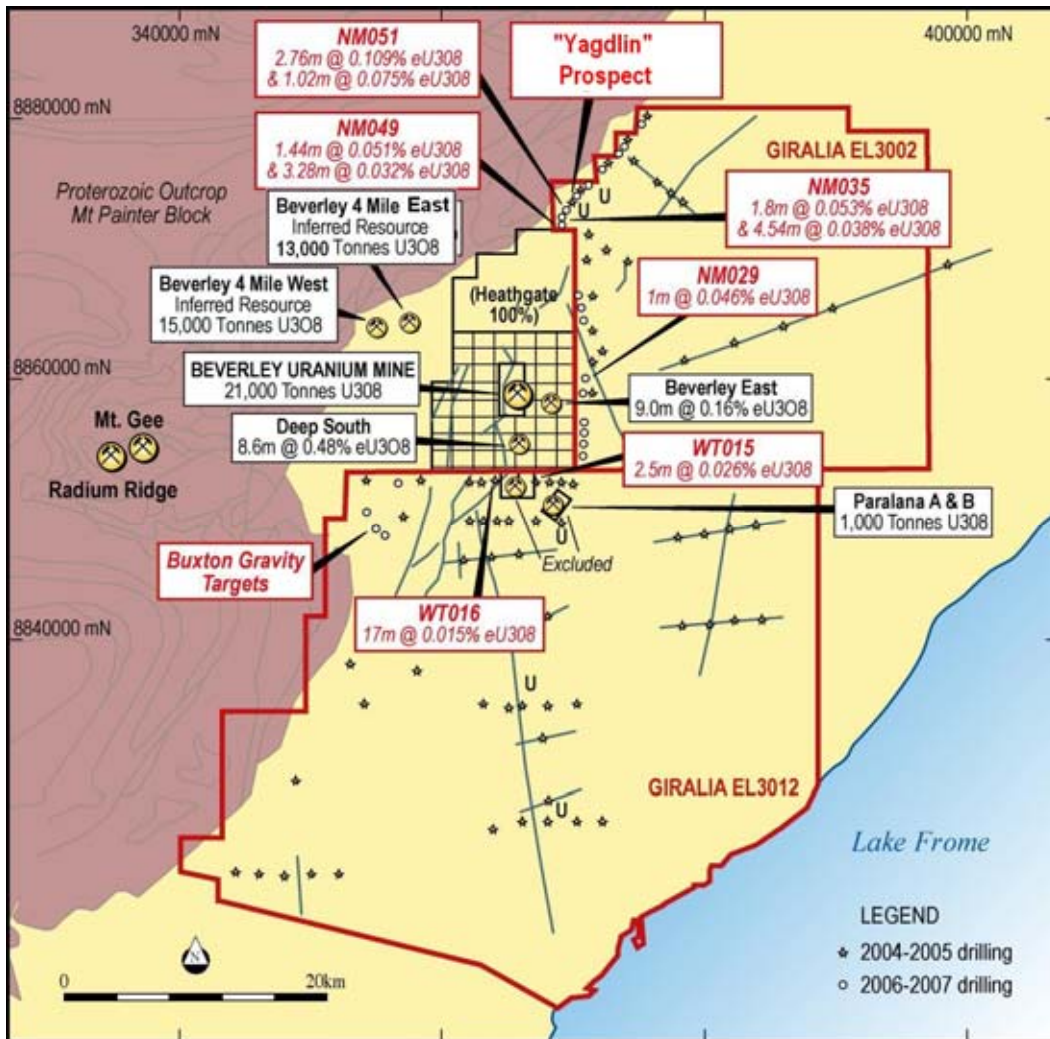
NM070; **1.0 metres @ 0.05% eU<sub>3</sub>O<sub>8</sub>**, from 165 metres and **1.0 metres @ 0.05% eU<sub>3</sub>O<sub>8</sub>**, at 183 metres

NM073; **1.0 metres @ 0.05% eU<sub>3</sub>O<sub>8</sub>**, from 171 metres

Mineralisation is hosted by Namba Formation clays. Small lenses of silt and silty-sand were occasionally associated with mineralization, however these lenses appear to lack any significant continuity. Drilling intersected the Willawortina, Namba and Eyre Formations, with 3 of the 5 holes terminating in the Bulldog Shale. Further drilling is planned following analysis of data.

A 12 hole drilling program (2,725 metres) on the southern (Wooltana) JV tenement, returned a gamma anomaly in one hole within Namba Formation clays of **0.5 metres @ 0.01 % eU<sub>3</sub>O<sub>8</sub>** at 158 metres, with other minor peaks between 178 metres and 190 metres. Anomalous gamma is considered any result more than 0.01%.

"eU<sub>3</sub>O<sub>8</sub>"-refers to the equivalent U<sub>3</sub>O<sub>8</sub> grade as estimated from downhole gamma logging and provides a more representative sample than chemical assays due to a much larger volume of rock being measured. This method is commonly used to estimate uranium grade in drillholes where the radiation contribution from thorium and potassium is believed to be negligible. Compared to chemical assays, gamma logging also offers a vastly superior resolution, increased precision and does not suffer from contamination.



*Lake Frome JV summary plan*

**Snake Well Gold Project (Giralia 100%)**

The Company's 100% owned Snake Well gold project, located 150 kilometres north-east of Geraldton in Western Australia, has a global resource of 170,000 ounces of gold hosted in near surface laterites and quartz lode/shear zone style deposits in an undeveloped Archaean greenstone belt. Giralia's tenements cover 45 kilometres of strike of three parallel mineralised structures.

The Company continued discussions with each of the two Native Title claim groups at Snake Well in order to progress the grant of key Mining Leases.

**Snake Well- Conquistador Joint Venture (Zinc Co Australia Limited earning up to 75%)**

The Conquistador Joint Venture has been expanded to cover most of the area of the Company's Snake Well gold project, excluding the mafic hosted Mixy, Calisi, Warren gold lode systems and the Lop and

Buckshot laterite deposits. Zinc Co Australia Limited ("Zinc Co") can earn up to 75% interest, with Giralia retaining certain gold exploration rights. The JV area now covers 50 strike kilometres of volcanic rocks in the Talling Greenstone Belt. These rocks are prospective for high unit value volcanic hosted massive sulphide (VHMS) deposits. The setting is similar to that of the world class Golden Grove VHMS deposits (Gossan Hill, Scuddles) 150 kilometres to the south east.

Diamond drilling has previously intersected mineralisation of VHMS style including; 4 metres @ 8.25% Zn, 20.5 g/t Ag, 0.53% Cu and 0.63% Pb from 88 metres and 6.7 metres @ 6.1% Zn including 2 metres @ 18% Zn from 118 metres at Conquistador, and 1 metre @ 4.90% Zn, 14.0 g/t Ag, 0.51% Cu, 0.90% Pb and 5.63 g/t Au from 154 metres, and 2.1 metres @ 2.34% Zn, 13.5 g/t Ag, 0.69 % Cu, 0.22 % Pb and 1.81 g/t Au from 131.4 metres from A-Zone.

Zinc Co reported no field activity during the quarter.

### **Paterson Joint Venture –Nifty Area (Giralia 33.33%, Midas Resources Limited 33.33%, MPF Exploration Pty Ltd 33.33%)**

On 16 November 2009 the Company announced that it has entered into a Deed of Consent to Priority of Competing Applications with the other two competing applicants agreeing the order of priority for grant of competing exploration licences (**Preferred Applications**) in respect of a large area adjoining the operating Nifty copper mine in Western Australia, and that the three parties have agreed to enter a Joint Venture to be known as the Paterson Joint Venture ("Paterson JV") for exploration and development following grant of the Preferred Applications.

Giralia, Midas Resources Limited (**Midas**), and MPF Exploration Pty Ltd (**MPF**) lodged Competing Applications at the same time and date for expired tenements covering around 100 kilometres of strike north and south of the Nifty copper mine. All three parties have now consented to priority of the Competing Applications and agreed to associate in an exploration joint venture to jointly explore any granted Preferred Applications, with the initial participating interests being: Midas (33.33%); Giralia (33.33%); and MPF (33.33%). The execution of the Deed of Consent to Priority of Competing Applications avoids the need for the determination of priority between the Competing Applications by ballot and allows the Preferred Applications to have priority in the Warden's Court.

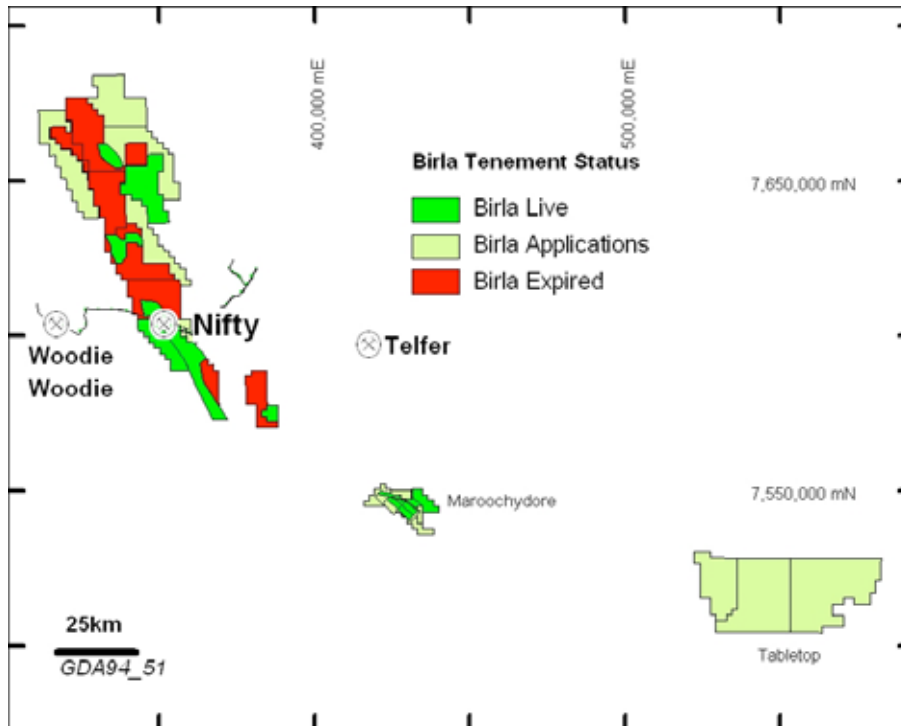
### **General Background**

The operator of the Nifty copper mine Aditya Birla Minerals Limited advised ASX on 16 September 2009 that " ... *due to what it considers to be an administrative error by the Company's external consultants, the following eight tenements have expired: E45/2150, E45/2151, E45/2152, E45/2153, E45/2154, E45/2155, E45/2156, and E45/2157*", and further that it "... *is considering all options in respect to the expiry of the tenements and is taking legal advice in that regard.*"

On expiry of the above tenements, Giralia, Midas and MPF lodged simultaneous applications for all or part of the expired tenements.

The competing applications cover in excess of 1000 square kilometres of highly prospective ground in the vicinity of the Nifty Copper Mine. The ground became available for application when tenements held by Birla Nifty Pty Ltd (**Birla Nifty**), a wholly owned subsidiary of Aditya Birla Minerals Limited, expired on 5 September 2009 (**Expired Ground**). The Expired Ground applied for by the Paterson JV is shown in red in the figure below:





*The Paterson JV is the priority applicant for Birla Nifty's Expired Ground*

Birla Nifty has objected to each of the Paterson JV's competing applications on various grounds and these objections are pending hearing in the wardens court. Further, on 16 December 2009 Birla Nifty made a submission to the Minister for Mines and Petroleum under section 111A of the *Mining Act 1978* (WA) requesting the Minister to issue a notice terminating each of the Paterson JV's competing applications on public interest grounds. The Paterson JV has submitted a response to Birla Nifty's submissions to the Minister. A decision from the Minister is pending.

Interlocutory applications by the Paterson JV to transfer the wardens court proceedings from Marble Bar to Perth is listed for hearing on 4 February 2010. It is anticipated that, subject to the outcome of this hearing, the substantial hearing of Birla Nifty's objections should be listed for hearing in the next quarter.

Subject to the outcome of the wardens court proceedings, the granting of the tenements by the Minister to the Paterson JV and completion of a review of all historical data, the Paterson JV intends to undertake an aggressive exploration programme.

**Cardinals Joint Venture (Zinc Co earning up to 75%, Giralia retaining nickel rights.)**

The Cardinals project is a joint venture between Zinc Co Australia ("Zinc Co") as manager (earning up to 75%) and Giralia. Giralia retains nickel rights. Cardinals is located 150 kilometres south of Port Hedland in Western Australia's Pilbara region and covers strike extensions to the host rocks of CBH Resources Ltd's Panorama-Sulphur Springs VHMS base metals project (Sulphur Springs published resource of 15.5 million tonnes @ 3.5% Zn, 1.3% Cu) located 35 kilometres to the north east.

Shallow 1970's percussion drilling at Cardinals returned an intersection of 10 metres @ 5.9% Zn, 0.94% Cu, 36 g/t Ag (including 2 metres @ 13.2% Zn) just south of a prominent gossan. Zinc Co completed 15 shallow RC drill holes at Cardinals in 2008. Intersections including 5m @ 3.9% Zn, 0.3% Pb, 0.6% Cu, 37 g/t Ag, extended the mineralised system up to 300 metres grid south of the gossan and 175 metres grid south of previous drilling. Two diamond drill holes were completed in the September 2009 quarter to test the EM anomalies south of the Cardinals gossan at depth. Best assay results were 1m @ 4.96% Zn, 0.23% Pb, 0.18% Cu, 9 ppm Ag, and 3m @ 2.59% Zn, 0.15% Pb, 0.43% Cu, 25 ppm Ag in a coarse volcanoclastic. The drilling results indicate that the massive sulphide position may have been stoped out

by an ultramafic intrusion on the section drilled.

Zinc Co reported no work during the quarter.

#### **Cookes Creek Western Extension JV (Giralia 30% free carried, Hazelwood Resources Ltd 70%)**

Hazelwood Resources Ltd (Hazelwood) is earning a 70% participating interest with Giralia free carried at 30% to decision to mine in a large tenement in the Pilbara region of WA. A major HoistEM geophysical survey outlined a large conductor at the Copper Gorge prospect, and three conductors at Far West along the Cookes Creek ultramafic sequence to the west of Hazelwood's 100% owned Anomaly Hill nickel sulphide deposit. Hazelwood has indicated its intention to conduct drill tests of conductor targets in the coming months.

#### **Blue Rose–Olary Joint Venture – (Giralia 49% contributing, PacMag Metals Limited 51%)**

The Blue Rose – Olary Joint Venture is located 300 kilometres north-east of Adelaide in South Australia. PacMag Metals Ltd ("PacMag") has earned 51% interest from Giralia in the 1500 square kilometre project. Giralia is contributing to ongoing exploration programs. Several major targets have been defined to date by the JV partners:

- The Blue Rose oxide copper deposit contains intersections such as: 46 metres @ 2.2% copper and 0.8 g/t gold from 11 metres depth, (including 28 metres @ 3.0% copper and 0.8 g/t gold). Beneath the oxide zones, drilling has intersected copper-gold-molybdenum sulphide mineralisation, which is open to extension along strike.
- The Netley Hill molybdenum prospect comprises a broad near surface zone of molybdenum mineralisation with drill intersections including 40 metres @ 0.05% molybdenum and 1 g/t silver from 11 metres. No field work was undertaken on the prospects this quarter.
- North of the Blue Rose prospect, limited previous shallow drilling by Battle Mountain (Australia) Inc in 1989 at the Golden Sophia Prospect intersected near surface, widespread, thick zones of low-grade gold mineralization including; 60m @ 0.58g/t Au (10 – 70m eoh) incl 6m @ 1.07g/t Au and 2m @ 8.4g/tAu and 30m @ 0.61g/t Au (2 – 32m), incl 5m @ 1.3 g/t Au.
- Magnetite rich units of the Braemar Iron Formation occur within the Blue Rose JV area, along strike from the Razorback Ridge target recently optioned by Royal Resources Limited (some 20km west of the Blue Rose JV tenure).

The Blue Rose joint venture partners are currently considering their options in regards to the iron ore potential on the joint venture leases.

#### **Olary Uranium (Giralia 100%)**

Giralia has resumed 100% interest in uranium rights on the Blue Rose-Olary tenements in South Australia, following the withdrawal of Peninsula Minerals Limited from a farm-in arrangement. The Company completed a small RC drilling program at the Olary uranium project during the June 2009 quarter which returned a peak uranium value of 560ppm (660ppm U<sub>3</sub>O<sub>8</sub>). No work was completed during the quarter.

#### **Yuinmery Joint Venture (Giralia 49% diluting, La Mancha Resources Australia Pty Ltd 51%)**

La Mancha Resources Australia Pty Ltd (formerly Mines & Resources Australia Pty Ltd) reports that processing and interpretation has commenced for data from a 500 line km velocity-timed electromagnetic survey ("VTEM") survey completed in mid September at the Yuinmery Joint Venture tenements.

#### **Ashburton (Giralia 100%)**

A channel iron mesa discovered on the Beasley West tenement E47/1115 has potential for modest tonnages with surface sampling suggesting low alumina. Authorisation to explore for iron has been received and an initial drill program is being permitted.

**Corktree Joint Venture (Giralia 100%, PacMag Metals Limited can earn an initial 51%)**

PacMag Metals Limited reports no field activities during the quarter on the Corktree copper prospect located around 80 kilometres north of Wiluna, and 25 kilometres ESE of Sandfire Resources NL's Doolgunna copper discovery. Reconnaissance mapping and sampling in the previous quarter encountered a new copper anomalous zone south of previous drilling at Corktree. Niton XRF results to 0.3%Cu were returned from a 400 metre long zone up to 40 metres wide.

The Corktree area has previously been explored by WMC and CRA, whose drilling returned intersections including 24 metres @ 0.22% copper, 16 metres @ 0.26% copper, and 3 metres @ 1.6% copper.

**Kathleen Valley/MtHarris Joint Ventures (Giralia 13.1 -26% diluting)**

Xstrata Nickel (formerly Jubilee Gold Mines NL) operates the Kathleen Valley and Mt Harris joint venture tenements north of the Cosmos nickel mine.

A 10 line fixed loop ground electromagnetic geophysical survey ("FLEM") was completed over the South Ilias prospect on the Kathleen Valley Joint Venture tenement M36/441. Results show a moderate conductor which requires follow up work at an approximate depth of 100m on the east contact of the ultramafic unit. Xstrata reports that the conductor could represent a valid nickel sulphide target or a thickened portion of the sedimentary unit. Negotiations are currently being conducted with the local Aboriginal Heritage Groups to obtain approval to drill this target.

R M Joyce

28 January 2010

**Director**

**Perth, WA**

*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 his information in the form and context in which it appears.*

*The information in the report that relates to in-situ Mineral Resources at Mt Webber and McPhee Creek main range is based on information compiled by Mr Chris Allen of CSA Global. Mr Chris Allen takes overall responsibility for the Report. He is a Member of the Australian Institute of Geoscientists and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2004 Edition). Mr Chris Allen consents to the inclusion of such information in this Report in the form and context in which it appears.*

*The information in the report that relates to in-situ Mineral Resources at Western Creek and Anthiby Well is based on information compiled by Mr Grant Louw of CSA Global. Grant Louw takes overall responsibility for the Report. He is a Member of the Australian Institute of Geoscientists and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2004 Edition). Grant Louw consents to the inclusion of such information in this Report in the form and context in which it appears.*

*The information in this Report that relates to in-situ Mineral Resources at Beebyn and Mc Phee Creek CID is based on information compiled by Malcolm Titley of CSA Global. Malcolm Titley takes overall responsibility for the Report. He is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which*



*is relevant to the style of mineralization and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2004 Edition). Malcolm Titley consents to the inclusion of such information in this Report in the form and context in which it appears.*

*The information in the report that relates to the Scoping Study has been approved for release by ProMet Engineers.*

*\* The term "Exploration Target" should not be misunderstood or misconstrued as an estimate of Mineral Resources and Reserves as defined by the JORC Code (2004), and therefore the terms have not been used in this context. Exploration Targets are conceptual in nature, and it is uncertain if further exploration or feasibility study will result in the determination of a Mineral Resource or Mining Reserve.*

**GIRALIA RESOURCES NL**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For Quarter Ended 31 December 2009**

	<b>Current Quarter \$A'000</b>	<b>Year to Date (6 months) \$A'000</b>
<b>CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>		
1.1	Receipts from product sales and related debtors	-
1.2	Payments for:	
	(i) exploration and evaluation	(1,715)
	(ii) development	-
	(iii) production	-
	(iv) administration	(489)
1.3	Dividends received	-
1.4	Interest and other items of a similar nature received	494
1.5	Interest and other costs of finance paid	-
1.6	GST & Taxation (paid)/received	(3,882)
1.7	Other - Office Contribution Received	-
	<b>NET OPERATING CASH FLOWS</b>	<u>(5,592)</u>
<b>CASH FLOWS RELATED TO INVESTING ACTIVITIES</b>		
1.8	Cash paid for purchases of:	
	(i) prospects	-
	(ii) equity investments	(715)
	(iii) other fixed assets	-
1.9	Cash proceeds from sale of:	
	(i) prospects	-
	(ii) equity investments	-
	(iii) other; fixed assets	151
	JV Contribution	70
1.10	Loans to other entities	-
1.11	Loans repaid by other entities	-
1.12	Other - Underwriting Fee Received	-
	<b>NET INVESTING CASH FLOWS</b>	<u>(564)</u>
<b>CASH FLOWS RELATED TO FINANCING ACTIVITIES</b>		
1.13	Cash proceeds from sale of shares, options etc.	-
1.14	Proceeds from sale of investments	-
1.15	Repayment of borrowings	-
1.16	Dividends paid	-
1.17	Other: Capital Raising Costs	-
	<b>NET FINANCING CASH FLOWS</b>	<u>-</u>
	<b>NET INCREASE(DECREASE) IN CASH HELD</b>	(6,156)
1.18	Cash at beginning of quarter/year to date	66,883
1.19	Exchange rate adjustments to Item 1.18 above	-
1.20	<b>CASH AT END OF QUARTER</b>	<u>60,727</u>
		<u>60,727</u>

**PAYMENTS TO DIRECTORS OF THE ENTITY AND ASSOCIATES OF THE DIRECTORS**

**PAYMENTS TO RELATED ENTITIES OF THE ENTITY AND ASSOCIATES OF THE RELATED ENTITIES**

	<b>Current Quarter \$A'000</b>
1.21 Aggregate amount of payments to the parties included in item 1.2	74
1.22 Aggregate amount of loans to the parties included in item 1.10	-
1.23 Explanation necessary for the understanding of the transactions: Management and Directors' fees paid to Directors of the Company	

**NON-CASH FINANCING AND INVESTING ACTIVITIES**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows:	-
2.2 Details of outlays made by other entities to establish or increase their shares in projects in which the reporting entity has an interest:	-

**FINANCING FACILITIES AVAILABLE**

Provide details of used and unused loan facilities and credit standby arrangements, adding such notes as are necessary for an understanding of the position	<b>Amount Available A\$'000</b>	<b>Amount Used A\$'000</b>
3.1 Loan facilities		
3.2 Credit standby arrangements		

**ESTIMATED OUTLAYS FOR CURRENT AND FOLLOWING QUARTERS**

Estimated Outlays	<b>Current Quarter \$A'000</b>	<b>Following Quarter \$A'000</b>
4.1 Exploration and evaluation	2,000	2,000
4.2 Development		
<b>TOTAL</b>	2,000	2,000

**RECONCILIATION OF CASH**

Cash at the end of the quarter as shown in the statement of cash flows is reconciled to the related items in the accounts as follows:	<b>Current Quarter \$A'000</b>	<b>Previous Quarter \$A'000</b>
5.1 Cash on hand and at bank	266	137
5.2 Deposits at call	60,461	66,746
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>TOTAL = CASH AT END OF QUARTER (Item 1.20)</b>	60,727	66,883



## CHANGES IN INTERESTS IN MINING TENEMENTS

	Tenement Reference	Nature of Interest	Interest at Beginning of Quarter	Interest at End of Quarter
6.1 Interests in mining tenements relinquished, reduced and/or lapsed	E47/2114 *	Withdrawn		Nil
	E45/3500	Withdrawn		Nil
	E52/2294 *	Withdrawn		Nil
	E52/2996 *	Withdrawn		Nil
	E52/2286 *	Withdrawn		Nil
	E47/2096 *	Withdrawn		Nil
	E47/2097 *	Withdrawn		Nil
	* Lost Ballot			
6.2 Interest in mining tenements acquired and/or increased	E52/2272	Granted	Nil	100%
	E51/1063	Granted	Nil	100%
	E52/2295	Granted	Nil	100%
	E70/3733	Application	Nil	
	E47/2175	Application	Nil	
	E45/3556	Application	Nil	
	E47/2191	Application	Nil	
	E47/2192	Application	Nil	
	E45/3559	Application	Nil	
	E47/2212	Application	Nil	
	E47/2213	Application	Nil	


## ISSUED AND QUOTED SECURITIES AT END OF CURRENT QUARTER

Category of Securities	Number Issued	Number Quoted	Issue Price Per Security (cents)	Amount Paid Up Per Security (cents)
7.1 ORDINARY SHARES:	178,185,170	178,185,170	25	25
7.2 Issued during quarter:				
(a) Increases through issues	-	-		
(b) Exercise of options	-	-		
7.3 UNLISTED				
7.4 <b>Options:</b>			<i>Exercise Price (cents)</i>	<i>Expiry Date</i>
	1,000,000	-	15.55	29/11/2010
	1,000,000	-	20.55	29/11/2010
	550,000	-	67.80	30/06/2011
	650,000	-	99.90	30/06/2011
	1,250,000	-	75.00	30/06/2012
	500,000	-	145.00	31/12/2012
7.5 Issued during the quarter	-	-	-	-
7.6 Exercised during the quarter	-	-	-	-
7.7 Cancelled during the quarter	-	-	-	-

**COMPLIANCE STATEMENT**

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX.
2. This statement does give a true and fair view of the matters disclosed.

Sign here:

  
.....  
Director/Company Secretary

Date: 28 January 2010

Print name:     **B ACUTT**