Level 2, 33 Ord St, West Perth, WA 6005
PO Box 1665, West Perth, Western Australia 6872
Tel: (+61 8) 9481 4440 Fax: (+61 8) 9321 0070
info@giralia.com.au www.giralia.com.au

Giralia Resources NL ABN 64 009 218 204

ASX ANNOUNCEMENT

YERECOIN MAGNETITE PROJECT RESOURCE DRILLING RESULTS

- **Resource drilling completed at Yerecoin magnetite project.**
- **Strong results returned over 30 kilometres strike;**
  - **125.1 metres @ 32.7%Fe (DTR 69.8%Fe, 2.8%SiO_2 , 38.8% weight recovery)**
  - **96 metres @ 34.8%Fe (DTR 71.3%Fe, 1.0%SiO_2 , 45.7% weight recovery)**
  - **82.8 metres @ 32.1%Fe (DTR 70.9%Fe, 1.3%SiO_2 , 37.2% weight recovery)**
  - **73 metres @ 33.4%Fe (DTR 71.6%Fe, 1.6%SiO_2 , 37.7% weight recovery)**
  - **68 metres @ 35.7%Fe (DTR 71.4%Fe, 0.9%SiO_2 , 39.6% weight recovery)**
- **Maiden JORC resource estimate underway.**
- **Initiation of Pre-Feasibility elements including mining and process engineering, product specification testwork, marketing, groundwater and environmental studies.**

The Directors of Giralia Resources NL ("Giralia") are pleased to report the receipt of all assay results from recently completed resource drilling targeting the establishment of a maiden JORC compliant resource at the Company's 100% owned Yerecoin magnetite project, located around 120 kilometres NNE of Perth in Western Australia. The key to the development of the Yerecoin is its location within 1 kilometre of existing rail access.

Davis Tube Recovery ("DTR") and grind optimisation tests indicate that magnetite mineralisation at Yerecoin has exceptionally favourable magnetic separation liberation characteristics, likely to enable a premium product at a grind size much coarser than other Western Australian magnetite projects.

The resource drilling program followed positive results announced on 9 February 2010 from an independent Scoping Study which provided detail on the various options for product specifications, production levels, capital and operating costs and port/rail planning solutions. The Scoping Study's design basis was production at 2.5 million tonnes per year of magnetite concentrate from the mine site hauled over the existing rail networks to the Kwinana Bulk Terminal for export. Financial modeling of the most attractive alternative investigated yielded a NPV (10%) of A$321 million and an IRR of 33.8%, with capital and operating costs estimated at A$373.5 million and A$55/tonne. The implementation schedule for the Project indicated that it may be possible to achieve a first shipment of concentrate by 3rd quarter 2013 if long lead equipment is ordered prior to Project approval.

The maiden resource estimate will aim to convert around half of the Company's previously defined Exploration Target at Yerecoin (200 to 250 million tonnes grading 30% to 35% Fe) to JORC compliant resource status. At the mining rate envisaged in the Scoping Study (7.5mtpa) this will equate to around 20 years of production.

Assays and DTR results received from the resource drilling (59 holes/7549 metres), show significant results over the 30 kilometres of strike, including; **96 metres @ 34.8%Fe (DTR 71.3%Fe, 1.0%SiO_2, 45.7% weight recovery**), **125.1 metres @ 32.7%Fe (DTR 69.8%Fe, 2.8%SiO_2, 38.8% weight recovery)**, **82.8 metres @ 32.1%Fe (DTR 70.9%Fe, 1.3%SiO_2 , 37.2% weight recovery)**, **73 metres @ 33.4%Fe (DTR 71.6%Fe, 1.6%SiO_2 , 37.7% weight recovery** and **68 metres @ 35.7%Fe (DTR 71.4%Fe, 0.9% SiO_2, 39.6% weight recovery**).

Table 1 ; Yerecoin Project 2010 Drill Intersections (DTR Results >15% MagFe over 10 metres)

Hole No	Coordinates East	Coordinates North	Dip/Az.	Depth (m)	From (m)	To (m)	Interval (m)	Fe %	DTR Fe conc. %	DTR SiO2 %	DTR Al2O3 %	DTR P %	Wt Recovery %
RCY024	440698	6577352	60 /000	132	20	116	**96**	34.8	**71.3**	**1.0**	0.08	0.002	**45.7**
RDY025	440700	6577300	60 /000	171.5	69.0	151.8	**82.80**	32.1	**70.9**	**1.3**	0.14	0.002	**37.2**
RCY027	440494	6577250	60 /000	109	33	101	**68**	35.7	**71.4**	**0.9**	0.10	0.003	**39.6**
RCY029	440198	6577150	60 /000	169	104	132	**28**	27.5	**71.4**	**0.5**	0.22	0.000	**33.6**
RCY030	443845	6577096	60 /270	90	37	73	**36**	30.0	**71.2**	**1.5**	0.13	0.001	**36.0**
RCY031	443894	6577097	60 /270	150	86	150 (EOH)	**64**	33.2	**69.6**	**3.8**	0.17	0.002	**42.2**
RCY032	443678	6576852	60 /304	120	35	108	**73**	33.4	**71.6**	**1.6**	0.11	0.002	**37.7**
RCY033	443721	6576829	60 /304	153	71	153 (EOH)	**82**	33.1	**69.2**	**3.7**	0.68	0.003	**37.6**
RCY034	443470	6576471	60 /273	84	22	65	**43**	35.2	**71.9**	**0.7**	0.22	0.002	**40.1**
RCY038	443003	6576088	60 /000	132	81	120	**39**	35.4	**72.0**	**0.9**	0.10	0.001	**46.8**
RCY039	442807	6576220	60 /000	90	35	67	**32**	33.0	**71.9**	**0.8**	0.21	0.002	**39.5**
RCY040	442802	6576168	60 /000	120	73	97	**24**	35.5	**72.3**	**0.5**	0.10	0.001	**42.3**
RCY047	439593	6576178	60 /244	144	70	136	**66**	28.7	**72.1**	**0.6**	0.27	0.001	**31.3**
RDY048	439638	6576198	60 /242	318.3	163	288.1	**125.1**	32.7	**69.8**	**2.8**	0.42	0.004	**38.8**
RCY049	441663	6572994	60 /266	114	51	64	**13**	31.9	**67.8**	**4.2**	0.95	0.008	**27.7**
				and	102	113	**11**	30.3	**69.6**	**2.5**	0.65	0.008	**28.8**
RCY054	442082	6571553	60 /265	96	22	45	**23**	27.1	**66.0**	**6.5**	0.96	0.017	**29.7**
RCY055	443599	6567055	60 /270	108	51	90	**39**	35.8	**70.8**	**1.3**	0.24	0.005	**41.3**
RCY056	443649	6567050	60 /273	144	17	26	**9**	38.9	**69.8**	**1.0**	0.22	0.016	**24.5**
				and	103	123	**20**	28.1	**70.1**	**1.9**	0.28	0.006	**27.9**
RCY059	443637	6566570	60 /278	104	65	79	**14**	32.9	**71.5**	**0.7**	0.22	0.003	**35.7**
RCY061	443482	6566325	60 /301	99	69	81	**12**	27.1	**70.5**	**1.7**	0.15	0.004	**30.3**
RCY066	442128	6565440	60 /315	156	98	126	**28**	30.4	**68.5**	**3.8**	0.25	0.011	**27.0**
RCY070	442019	6564626	60 /296	113	36	92	**56**	32.1	**69.0**	**2.3**	0.48	0.007	**33.8**
RCY072	441892	6564460	60 /293	120	84	101	**17**	32.3	**66.9**	**4.8**	1.07	0.008	**32.8**
RCY073	441928	6564447	60 /291	132	92	105	**13**	29.1	**67.9**	**4.9**	0.43	0.009	**27.8**
RCY074	441908	6564056	60 /266	114	55	71	**16**	32.0	**70.4**	**1.8**	0.33	0.006	**21.3**
RCY075	441952	6564053	60 /270	168	114	125	**11**	28.7	**69.2**	**2.7**	0.38	0.009	**22.2**
RCY077	442362	6565507	60 /316	162	99	149	**50**	27.7	**66.3**	**5.0**	1.10	0.007	**25.7**
				incl.	99	110	**11**	27.2	**70.8**	**1.0**	0.20	0.005	**26.1**
				and	113	149	**36**	29.5	**69.9**	**2.3**	0.21	0.006	**27.8**
RCY078	442298	6563839	60 /358	126	75	88	**13**	29.6	**69.7**	**2.7**	0.43	0.005	**25.3**
				and	91	104	**13**	27.4	**69.8**	**2.4**	0.25	0.004	**25.8**
RCY080	442300	6563794	60 /001	150	60	77	**17**	33.3	**68.5**	**3.4**	0.43	0.006	**32.5**

RC prefix = reverse circulation hole. RD prefix = diamond drilled tail. RC samples 2 to 5m composites. Drill core samples ¼ NQ2. Analyses by XRF and DTR (Davis Tube Test) Spectrolab Geraldton. Intersections quoted using >15 % MagFe^. Up to 6 metres included material below cut-off. Sizing indicates approximately 95% passing 75 microns..^ MagFe = (% Weight Recovery / 100) x (% Fe conc.) = the percentage of magnetically recoverable Fe in ore.

In addition to the maiden JORC resource estimate which is now underway, substantial additional metallurgical testwork to establish preferred product specifications is being initiated, along with the commencement of Pre Feasibility engineering, marketing, environmental and groundwater studies.

R M Joyce **18 May 2010**
DIRECTOR

** 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.*

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

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.

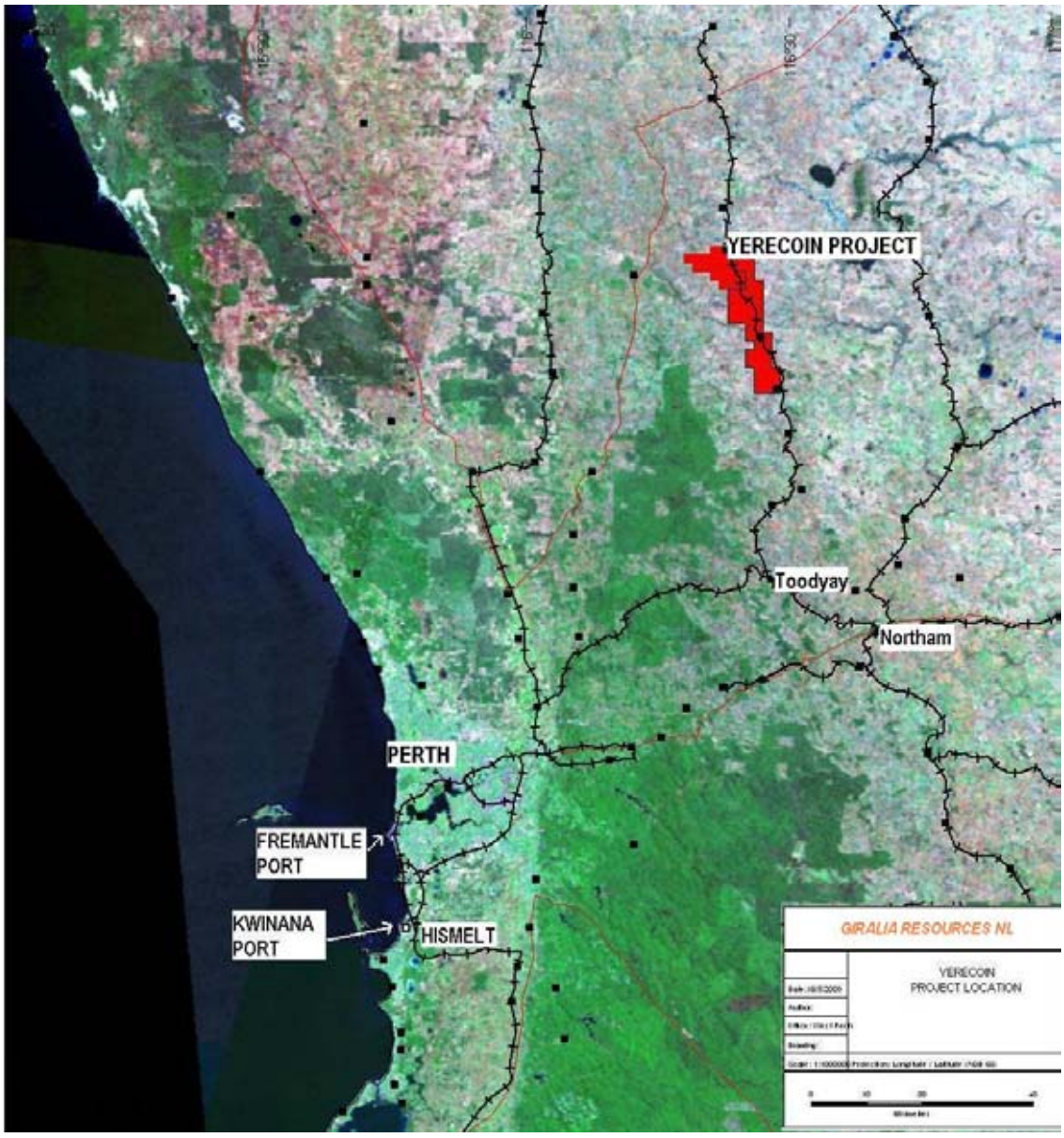

fig 1: Location Plan showing existing port and rail

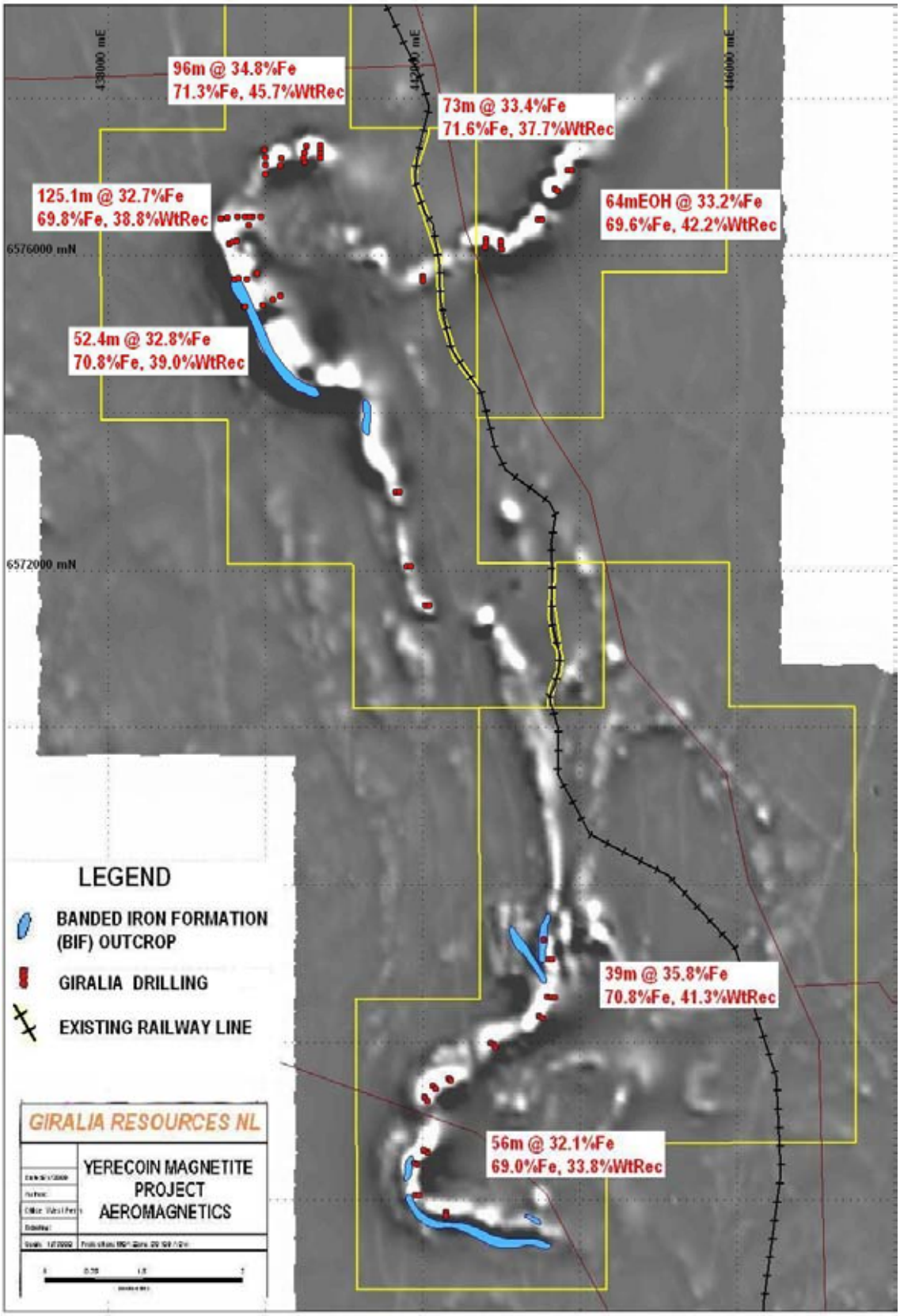

fig 2; Yerecoin drill hole locations on aeromagnetic image

About Giralia Resources NL

Giralia Resources NL ("ASX: GIR") is a well funded (~**$60 million cash**) mineral exploration company based in Perth, Western Australia. Giralia's iron ore projects, with a current global JORC resource inventory of **184.5 million tonnes** are the Company's exploration and development focus:

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

McPhee Creek (100%) – **Hematite** (Pilbara) – New hematite discovery 220km south east of Port Hedland. Drill intersections include 90 metres @ 58.6 % Fe, 46 metres @ 60.2% Fe. Initial Inferred Mineral Resource **52.1 million tonnes @ 56.0% Fe (61.7%CaFe).** Additional small CID mesa nearby 5.17 million tonnes @ 53.6% Fe (60.4%CaFe).

Daltons (75%) - Hematite (Pilbara) **–** Newly discovered zone of hematite, 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%Al_2O_3. Initial Inferred Mineral Resource **40.0 million tonnes @ 57.3% Fe (62.3%CaFe).** Scoping Study (Base Case of 2Mtpa mining and road haulage to Port Hedland, targeting production by 2nd quarter 2011) found an **NPV(10%) of A$170 million, IRR of 53.9%.**

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

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 new zones of both hematite and magnetite have been discovered.

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.

Yerecoin – **Magnetite** (150 km from Perth) – 1 km to railway. Initial drilling; 72 metres @ 32.4%Fe, 52.4 metres @ 31.6 %Fe. Coarse magnetite; excellent DTR testwork. Exploration Target 200-250million tonnes @ 30 to 35%Fe.

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%
Gascoyne Resources Limited	GCY	gold	~5.9%
Hazelwood Resources Ltd	HAZ	nickel, tungsten	~3.3%