

## ASX ANNOUNCEMENT

### RESOURCE DRILL-OUT UNDERWAY AT MCPHEE CREEK HEMATITE DISCOVERY

- Major resource drill-out at new McPhee Creek main range iron ore discovery.
- 365 holes permitted targeting substantial increase to the maiden 52.1 Mt JORC resource.
- Initial Exploration Target 100-140 Mt established, with much larger area of further potential identified.
- Scoping Study on development options near completion.

The Directors of Giralia Resources NL ("Giralia") are pleased to advise that following completion of a substantial resource drilling program at the Yerecoin magnetite project near Perth, a major drilling program is underway at the Company's 100% owned McPhee Creek iron ore project, located 220 kilometres south-east of Port Hedland, and around 50 kilometres north of BC Iron Limited/ FMG's Nullagine Iron Ore JV deposits in the Pilbara region of Western Australia. A total of 365 drill holes are now fully permitted at McPhee Creek. A second RC drill rig is due on site later this week, and a third rig is scheduled to commence diamond drilling in early May.

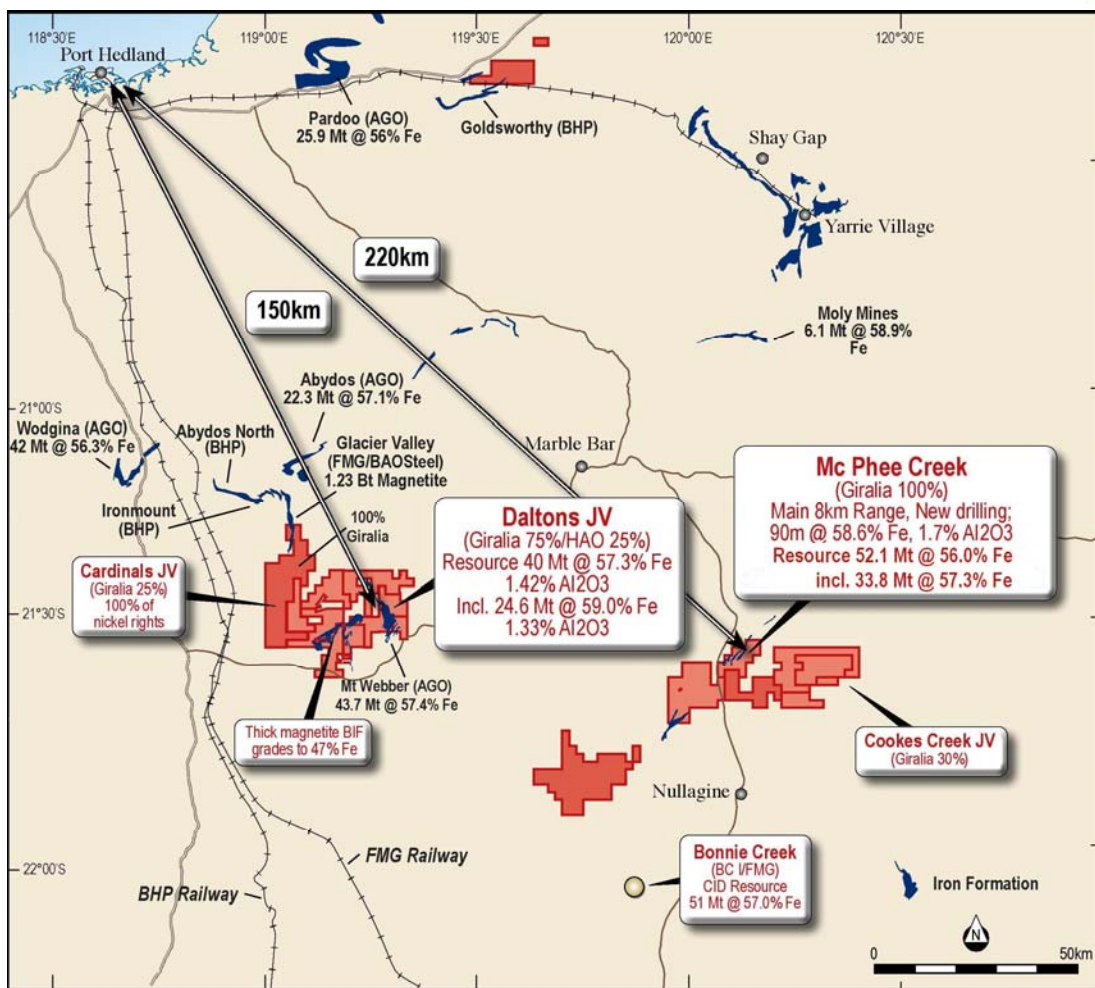
On 15 December 2009 the Company announced the maiden JORC Inferred Mineral Resource for the new main range discovery at McPhee Creek of **52.1 million tonnes @ 56.0%Fe (61.7% CaFe)**, at 50% Fe cut-off, including **33.8 million tonnes @ 57.3%Fe (62.9% CaFe)**, based on 71 RC holes completed to date, since discovery in September 2009.

The main range deposit, which is potentially within road haulage distance of Port Hedland, comprises a shallow dipping, near-surface hematite rich zone up to 90 metres thick within an Archaean aged banded iron formation sequence.

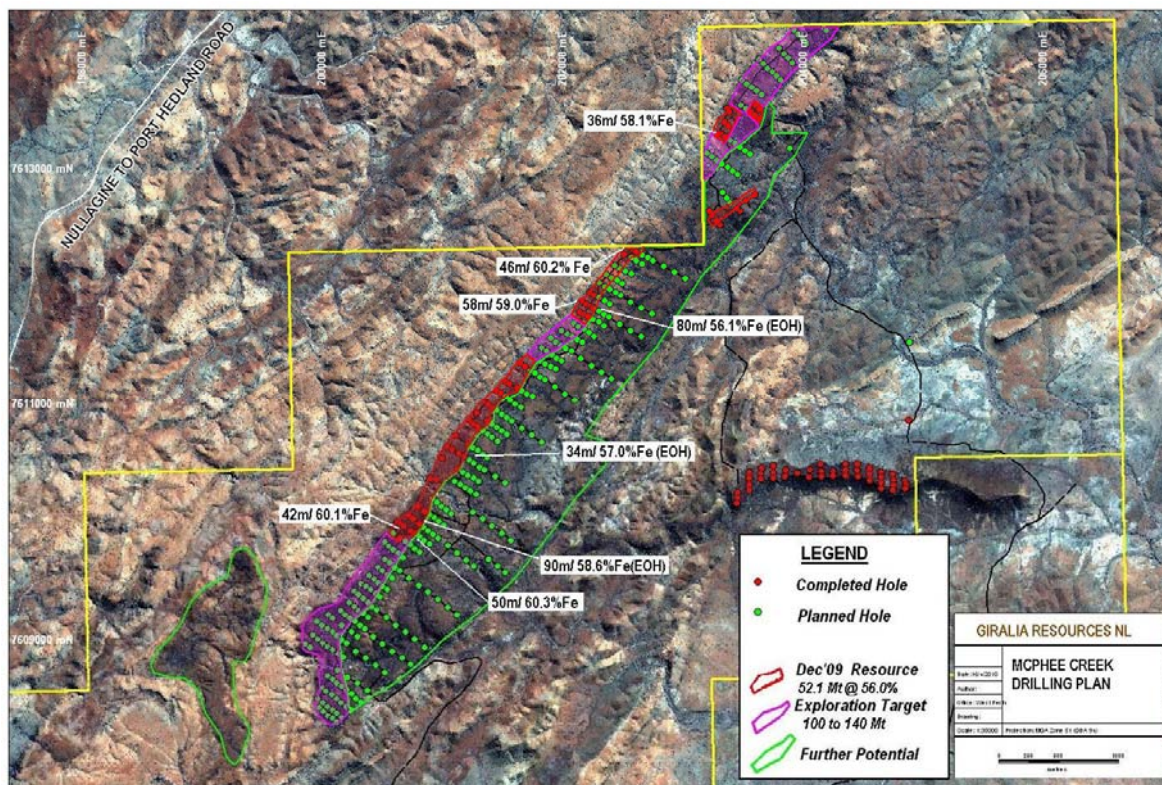
The deposit remains open in most directions and the shallow dips indicate large tonnage potential along the range which is ~8 kilometres long and up to 1 kilometre wide. Outcropping hematite mineralisation extends south into an interpreted synclinal keel where rock sampling has returned high iron grades. The Company has established a conservative initial **Exploration Target# of 100 to 140 million tonnes** of hematite iron ore (57-60%Fe) for the main range deposit, for a ~250 metre wide zone along the western side of the range only.

Surface mapping indicates that mineralisation extends further east than the area of the Exploration Target. As the eastern most hole on most sections drilled to date is mineralised, this suggests that relatively flat lying mineralisation could extend considerably further than currently modelled.

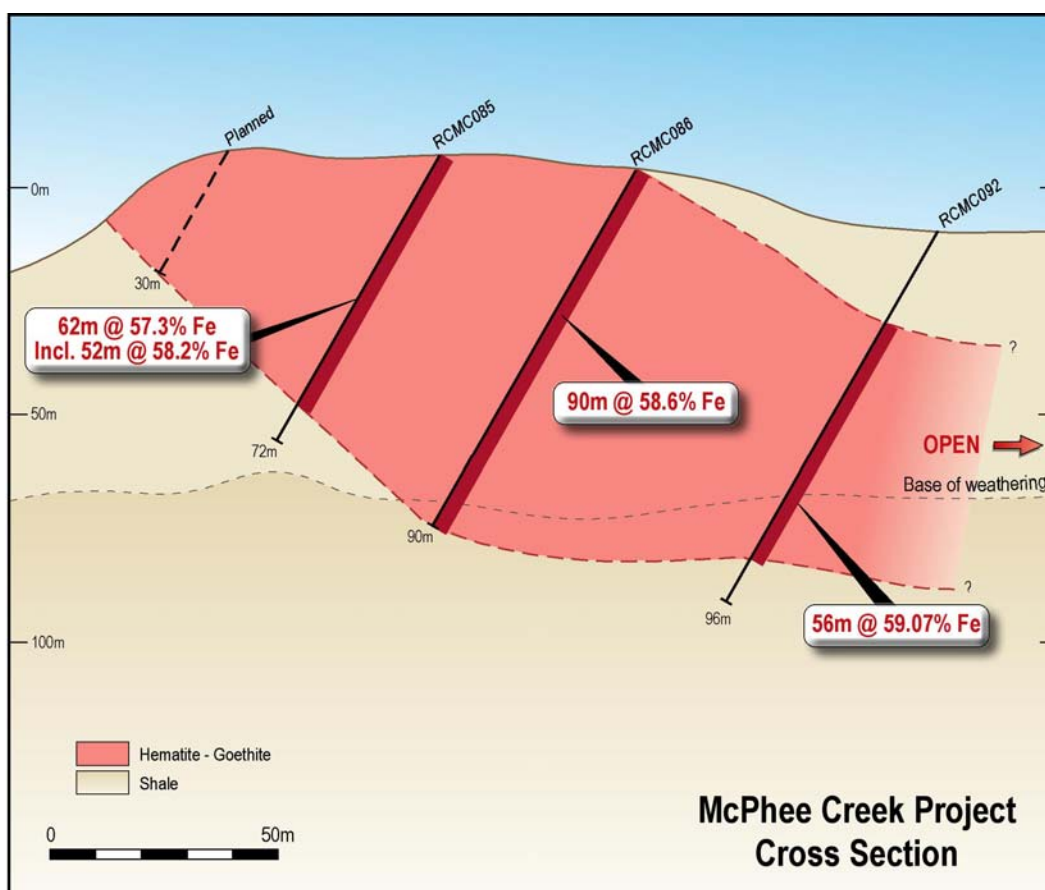
Giralia's Chairman Graham Riley commented; *"The Company is very excited by the upside potential at McPhee Creek. We have moved rapidly from the discovery drillhole in September last year to a maiden JORC resource in December, and have now started a major resource growth drilling program that could be a game changing event for Giralia. It is our view that the main range deposit at McPhee Creek has very large tonnage potential, well in excess of the conservative 100-140 million tonne short term target we have set, which covers only the western edge of the range."*



Location plan McPhee Creek tenements



McPhee Creek iron ore deposit, drill hole plan with planned April-May 2010 resource drilling (green dots)



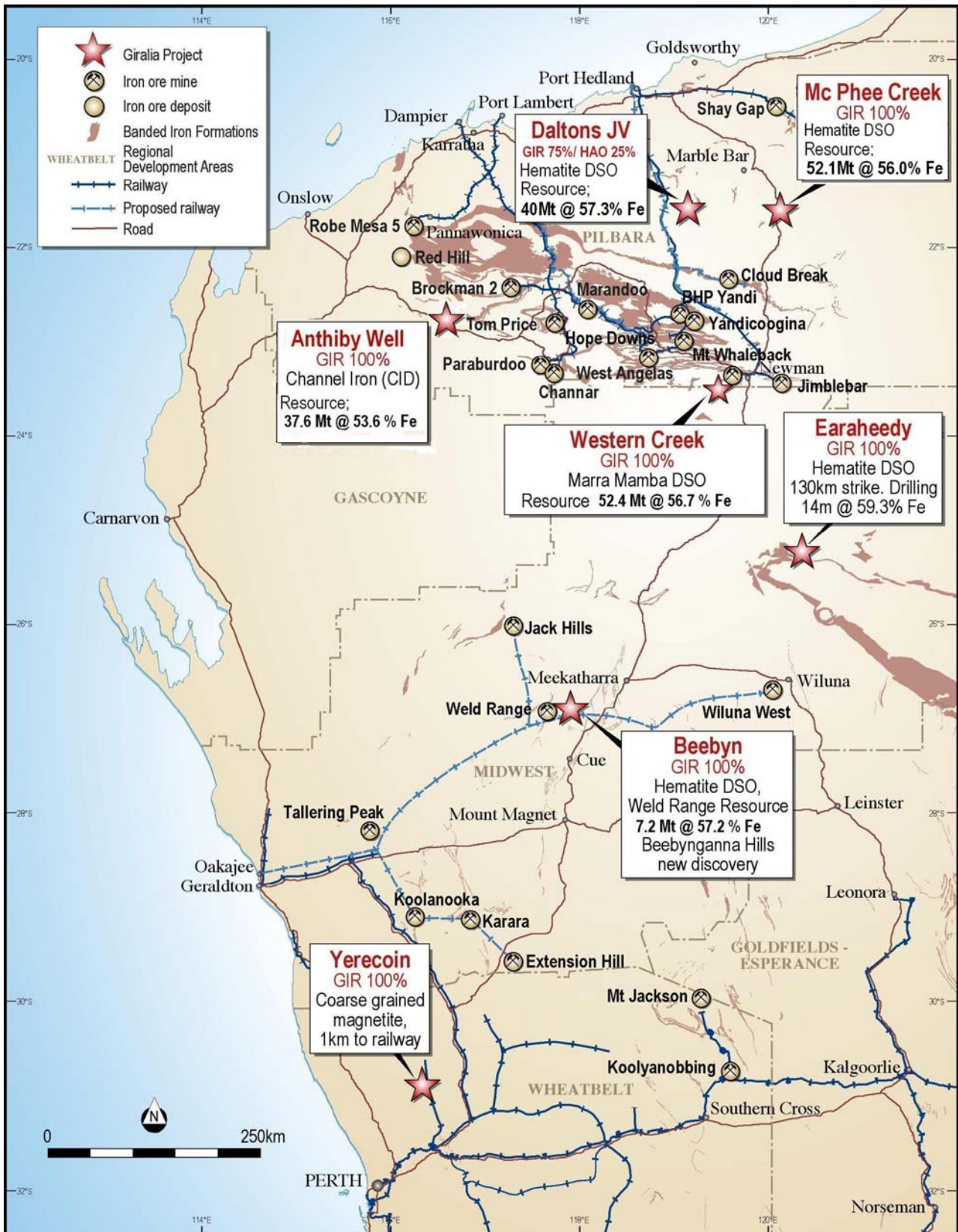
An independent Scoping Study into development options at McPhee Creek is nearing completion, with a Base Case of road haulage to Port Hedland, initially at 2 million tonnes per year.

**R M Joyce**  
**DIRECTOR**

**20 April 2010**

*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.*

*# 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.*



Location plan showing Giralia's 7 iron ore projects in Western Australia.

## 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). Scoping Study commenced.

**Daltons (75%) - Hematite** (Pilbara) – New hematite discovery, 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<sub>2</sub>O<sub>3</sub>. 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 2<sup>nd</sup> 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)**, located 220km from port at Onslow. \* subject to production royalty

**Beebyn (100%) – Hematite** (MidWest) – Directly 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. Shallow dips permit large tonnage potential. Drilling; 20 metres @ 55.7% Fe, 8 metres @ 58.7% Fe, and 12 metres @ 57.3%Fe.

**Yerecoin – Magnetite** (150 km from Perth) – 1 km to existing 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. Scoping study on 2.5mtpa magnetite concentrate via existing rail/Kwinana port; **NPV A\$321M, IRR 33.8%**.

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%         |