

ASX ANNOUNCEMENT

YERECOIN MAGNETITE PROJECT

SCOPING STUDY OUTCOMES

- **Findings from independent Scoping Study on development options for Giralia’s 100% owned Yerecoin magnetite project delivered;**
 - **Design basis is production of 2.5 mtpa of magnetite concentrate, with transport on existing rail to Kwinana port.**
 - **High level financial analysis indicates that the project is viable, and attractive under several scenarios;**

| | CAPEX | Contingency included | #OPEX \$/t | *NPV(10%) | *IRR |
|------------|----------|----------------------|------------|-----------|-------|
| Base Case | \$415M | \$54M | \$58 | \$67M | 13.8% |
| Scenario 1 | \$373.5M | \$48M | \$55 | \$321M | 33.8% |

*# * see notes to Table 1 for details*

- **Detailed testwork confirms excellent beneficiation characteristics, allowing evaluation of several product specifications, including Blast Furnace grade, Direct Reduction grade and sinter feed blend.**
- **Implementation schedule indicates production possible by 3rd quarter 2013.**
- **Resource drilling has commenced to establish initial JORC resource within current Exploration Target of 200 to 250 million tonnes.**

The Directors of Giralia Resources NL (“Giralia”) are pleased to report the findings of an independent Scoping Study on development options for the Company’s 100% owned Yerecoin magnetite project, located around 120 kilometres NNE of Perth in Western Australia, and within 1 kilometre of existing rail access.

Giralia’s tenements at Yerecoin host more than 30 kilometres of strike of magnetite rich banded iron formation (BIF), with positive results returned from initial RC and diamond drilling in March 2009 including intersections of 72 metres @ 32.4% Fe including 56 metres @ 35.7% Fe, and 50 metres @ 30.3% Fe. Based on dips and thicknesses of mineralisation from drilling data, integration of surface mapping, rock sampling and aeromagnetic data, the Company has defined an initial Exploration Target at Yerecoin of **200 to 250 million tonnes** of magnetite mineralisation grading **30% to 35% Fe**.

The Company elected to initially bypass a drillout to JORC compliant resource at Yerecoin, and commissioned experienced magnetite specialists ProMet Engineers Pty Ltd (“ProMet”) to prepare a Scoping Study in order to better understand the various options for product specifications, production levels, capital and operating costs and port/rail planning solutions.

The Study’s design basis is production at 2.5 million tonnes per year of Blast Furnace (“BF”) grade concentrate (i.e. 68% Fe, <4.5% SiO₂ and nominally P₈₀ of 45 micron). Because of its excellent beneficiation characteristics, the Yerecoin mineralization does not require grinding to 45 microns to achieve BF grade,

(testwork confirms a coarser grind size of P₈₀ 106 microns can achieve BF grade specifications), so a number of other processing and product specification options were able to be considered.

The main components of the Project are:

- Open Pit Mine (Contract mining assumed)
- Process plant facilities including:
 - Crushing and screening
 - High Pressure Grinding Rolls (HPGR)
 - Milling
 - Magnetic separation
 - Filtering
- Product storage
- Train loadout facilities
- Rail haulage by contract including any capital for rolling stock
- Port receipt, storage and export facilities at Kwinana provided by the Fremantle Port Authority.

The concentrate from the mine site would be hauled over existing rail networks to the Kwinana Bulk Terminal for export, or for possible sale to a potential local user of magnetite in Kwinana who has access to the rail network.

High level economic analysis indicated that the Project is viable, and scenario investigation indicates that the Project becomes more attractive if:

1. the product is changed to a coarser sinter feed blending product or a combination of both sinter and BF pellet feed; and/or
2. production capacity is increased, e.g. to 5 Mt/y.

The most attractive alternative investigated is Scenario 1 (above), which yields a NPV (10%) of A\$321 million and an IRR of 33.8% with 30% equity and 70% debt funding. The estimated capital and operating costs for Base Case and Scenario 1 with an accuracy of ±25%, and financial model results are shown below;

Table 1; CAPEX, OPEX, and financial modeling results for Base Case and Scenario 1.

| Case | Description | CAPEX | Contingency included | #OPEX \$/t | *NPV(10) | *IRR |
|------------|---------------------------|----------|----------------------|------------|----------|-------|
| Base Case | 2.5mtpa BF pellet feed | \$415M | \$54M | \$58 | \$67M | 13.8% |
| Scenario 1 | 2.5mtpa sinter feed blend | \$373.5M | \$48M | \$55 | \$321M | 33.8% |

*Notes: # Excluding Royalties, * at gearing ratio 30% equity/70% debt*

ProMet has identified potential for further upside including:

- Further increasing the size of the product to ~150 microns and hence its attractiveness as a sinter feed blend or for other users
- Improving the quality of the product to Direct Reduction (“DR”) grade, i.e. >70% Fe, to reduce the impact of export logistic charges

The implementation schedule for the Project indicates 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.

Resource drilling has commenced to establish an initial JORC compliant resource within the current Exploration Target of 200 to 250 million tonnes @ 30-35%Fe at Yerecoin.

* 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.

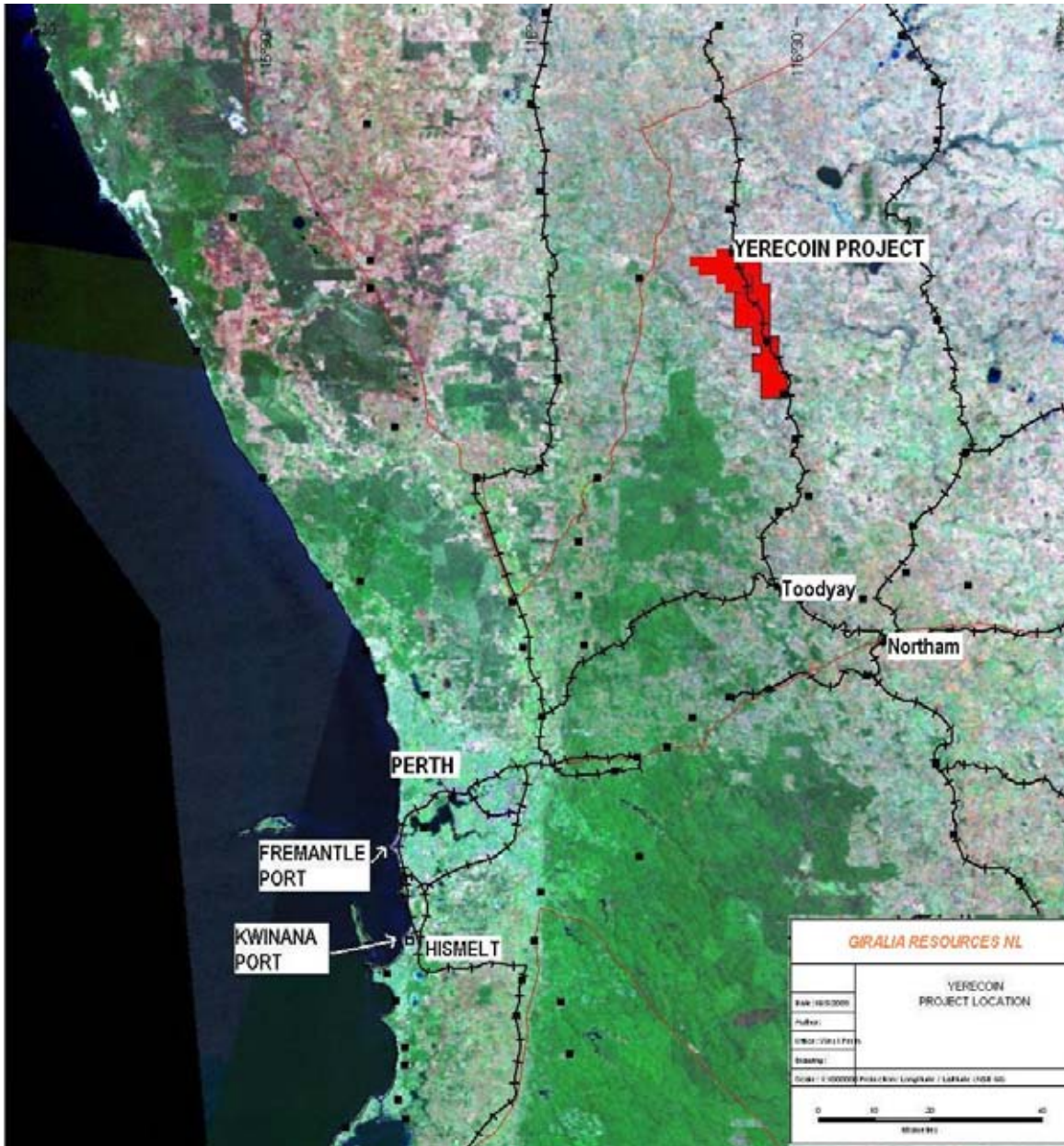


fig 1: Location Plan showing existing port and rail

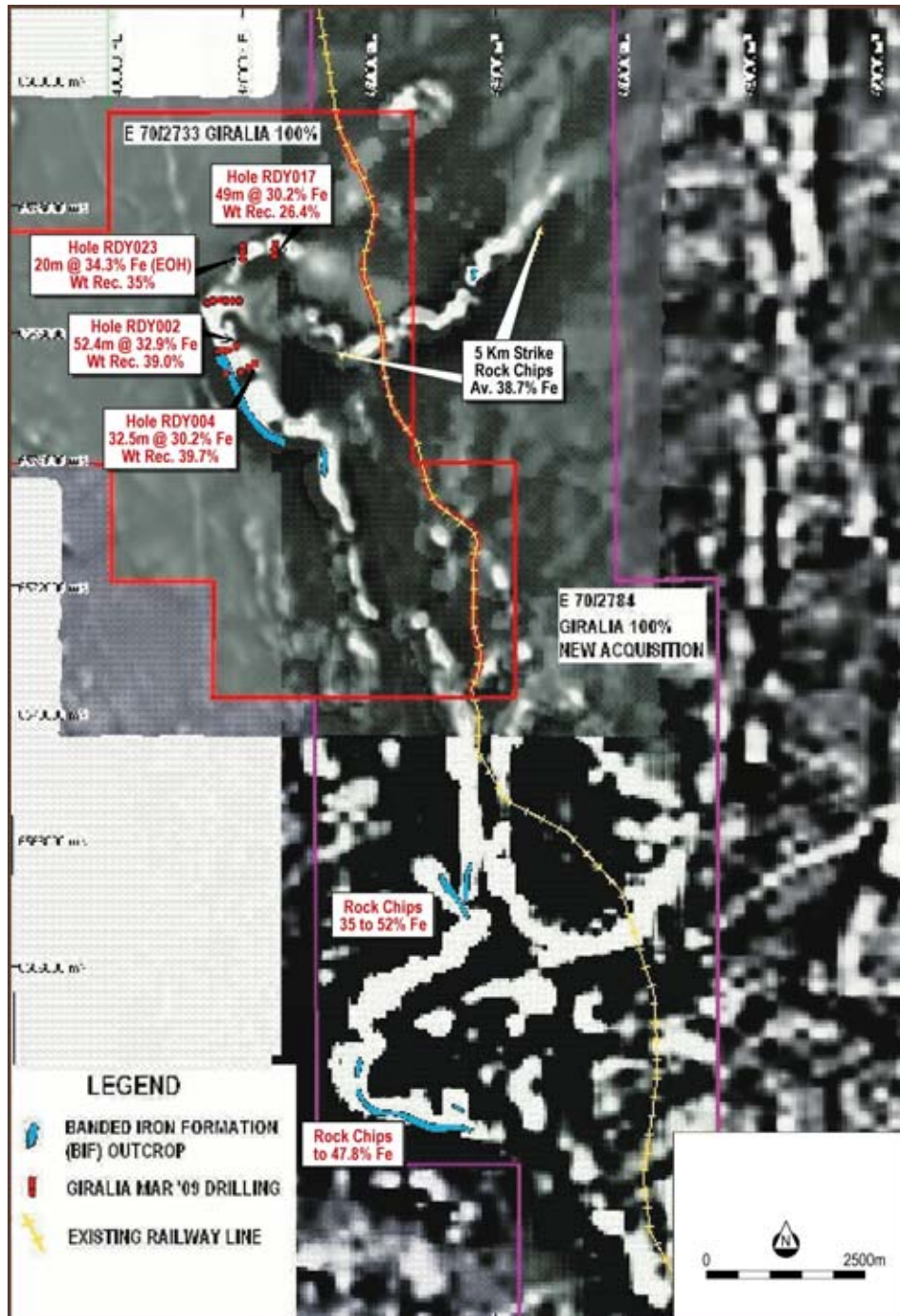


fig 2; Yerecoin 2009 drill hole locations on aeromagnetic image

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.

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%Al₂O₃. 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 | ~29.8% |
| Hazelwood Resources Ltd | HAZ | nickel, tungsten | ~3.3% |