

26 July 2010

ASX ANNOUNCEMENT

INTERIM UPGRADE TO JORC RESOURCE ESTIMATE FOR MCPHEE CREEK MAIN RANGE DEPOSIT

- **Interim upgrade to JORC Inferred Mineral Resource estimate for Giralia's 100% owned McPhee Creek main range deposit;**
 - **New resource estimate 161.4 million tonnes @ 56.2 % Fe (62.1% CaFe).**
- **Represents a major increase to previously reported 52.1 million tonne JORC Mineral Resource estimate, and exceeds previously reported Exploration Target of 100 to 140 Mt.**
- **The estimate incorporates new drilling results for only the southern 25-30% of the main range.**
- **Significant hematite intersections outside the new interim JORC reported Mineral Resource include;**
 - **112 metres (to end of hole) @ 57.7% Fe (63.3%CaFe) 0.06% P, including 74 metres (to end of hole) @ 60.3% Fe, and**
 - **100 metres @ 57.8% Fe (63.4%CaFe) 0.08% P.**
- **Upward revision of Exploration Target# to 250 to 350 million tonnes @ 56-60% Fe.**
- **All remaining assay results should be received in the next week, with further resource update anticipated by late August.**
- **The resource is near-surface, and potentially within road haulage distance of Port Hedland.**

The Directors of Giralia Resources NL ("Giralia") are pleased to report an interim upgrade to the JORC reported Inferred Mineral Resource at the Company's 100% owned McPhee Creek main range iron ore discovery, located 220 kilometres south-east of Port Hedland, and 50 kilometres north of BC Iron Limited/ FMG's Nullagine-Bonnie Creek channel iron deposits ("CID") in the Pilbara region of Western Australia.

The resource upgrade covers around 2.3 kilometres (~25-30%) of the strike of the main range deposit at McPhee Creek. Internationally recognised geological consultants CSA Global Pty Ltd (CSA) were commissioned by Giralia to complete the updated resource estimate for the McPhee Creek deposit.

Giralia Resources - Mineral Resource Estimate - McPhee Creek Main Range Deposit as at 223July 2010								
Deposit Cut-off Grade	Category	Tonnes (Mt)	Fe %	P %	SiO ₂ %	Al ₂ O ₃ %	LOI %	CaFe %
Main Range Total > 50 % Fe	Inferred	161.4	56.2	0.12	6.3	2.6	9.6	62.1

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.

Giralia's Chairman Graham Riley commented;

"This resource upgrade confirms that we have made a very substantial hematite discovery at McPhee Creek, within the Port Hedland precinct. The updated resource estimate includes new mineralised zones defined at the southern end of the main range, with further upgrades anticipated as assay results from resource drilling of the rest of the range are received. The Company has already reported intersections including 112 metres (to end of hole) @ 57.7% Fe from several kilometres north of the new resource outline. This is shaping as the largest DSO hematite deposit within potential trucking distance of Port Hedland, and one of the largest DSO deposits in the North Pilbara not held by the majors."

Background on McPhee Creek discovery

Giralia discovered the main range deposit at McPhee Creek in September 2009, located within potential trucking distance ~220 km south-east of Port Hedland, and ~50 km north of BC Iron Limited/ FMG's Nullagine Iron Ore JV deposits. In December 2009 the Company announced a maiden JORC reported Mineral Resource of **52.1 million tonnes @ 56.0%Fe (61.7% CaFe)** at 50% Fe cut-off. The deposit remained open, and the Company set an initial **Exploration Target# of 100 to 140 million tonnes** of hematite iron ore (57-60%Fe), for a ~250 metre wide zone only along the western side of the ~8 kilometres long and up to 1 kilometre wide main range.

A major resource drillout commenced in late April 2010. Significant drilling results were announced to ASX on 20 May, 1 June, 10 June, 18 June, 29 June and 7 July 2010 from holes extending initially south and east from the current JORC reported Mineral Resource; **114 metres @ 59.9% Fe (65.3% CaFe), 126 metres @ 55.8% Fe (61.9%CaFe), 96 metres (EOH) @ 58.6% Fe (65.1%CaFe), 104 metres @ 57.3% Fe (63.5%CaFe), 72 metres (EOH) @ 60.5% Fe (65.8%CaFe) and 146 metres (to end of hole) @ 56.1% Fe (62.0%CaFe)**. New assay results from holes at the northern end of the main range have returned significant hematite intersections, which are outside the new interim JORC reported Mineral Resource. including; **112 metres (to end of hole) @ 57.7% Fe (63.3%CaFe) 0.06% P**, including **74 metres (to end of hole) @ 60.3% Fe**, and **100 metres @ 57.8% Fe (63.4%CaFe) 0.08% P**.

The Company will continue to study development options at McPhee Creek, focused initially on public road haulage to Port Hedland, but has expanded the Scoping Study framework to investigate off-highway road and rail haulage.

R M Joyce DIRECTOR

The information in the report that relates to in-situ Mineral Resources is based on information compiled by Mr Grant Louw of CSA Global. Mr Grant Louw takes overall responsibility for the Mineral Resource. 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 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 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 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.

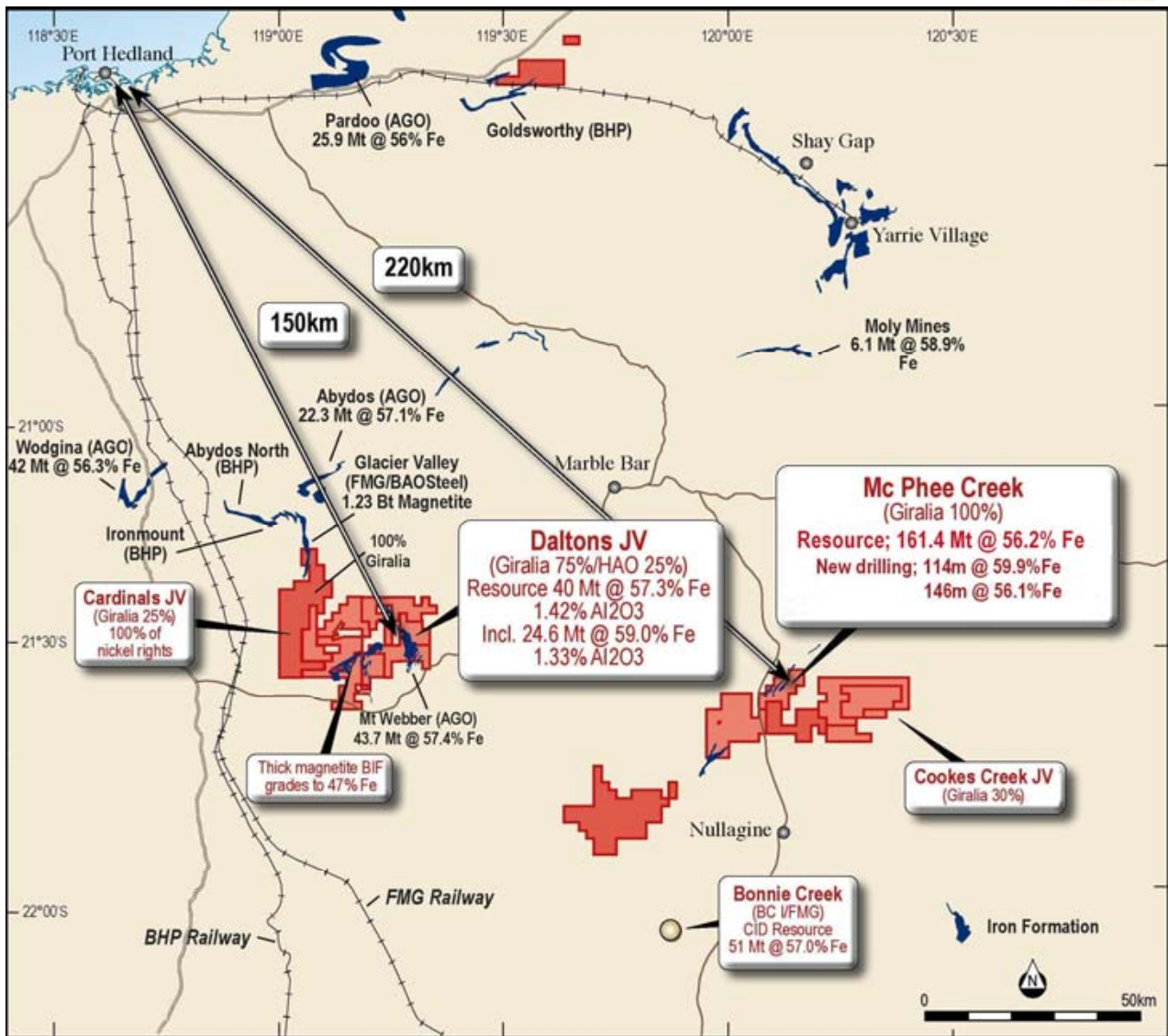


Fig.1: Location plan showing Giralia's McPhee Creek and Daltons-Mt Webber iron ore deposits

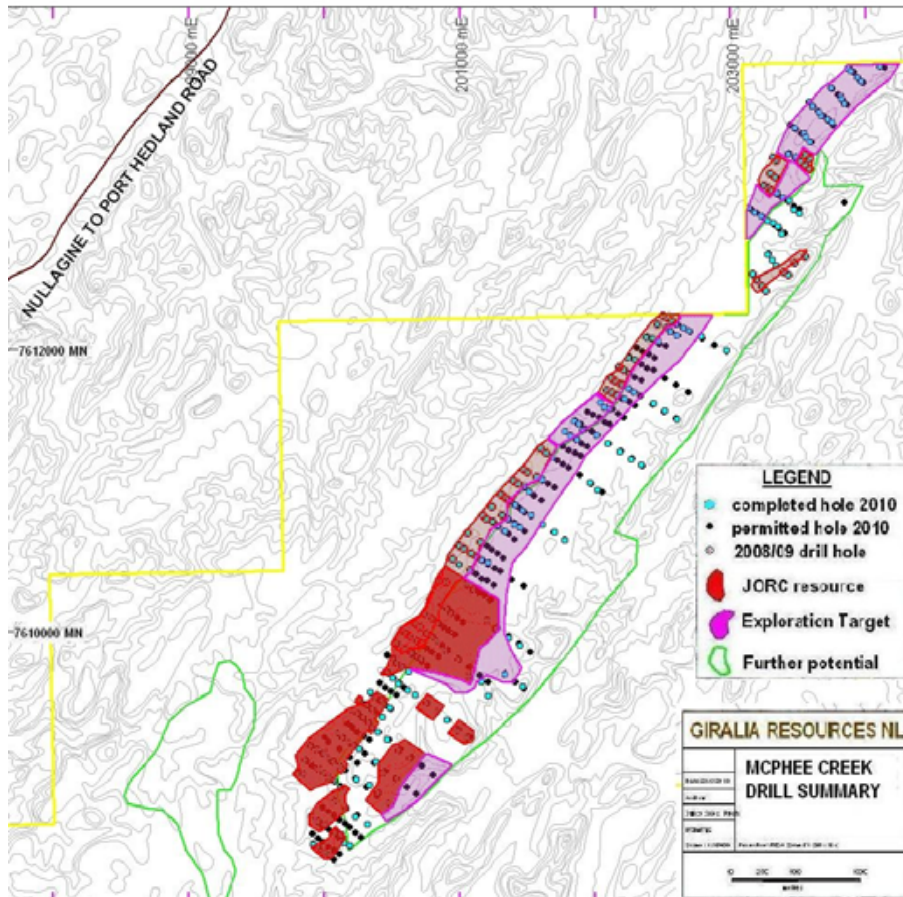


Fig.2: McPhee Creek iron ore deposit, drill hole plan with 2010 resource drilling (blue dots)

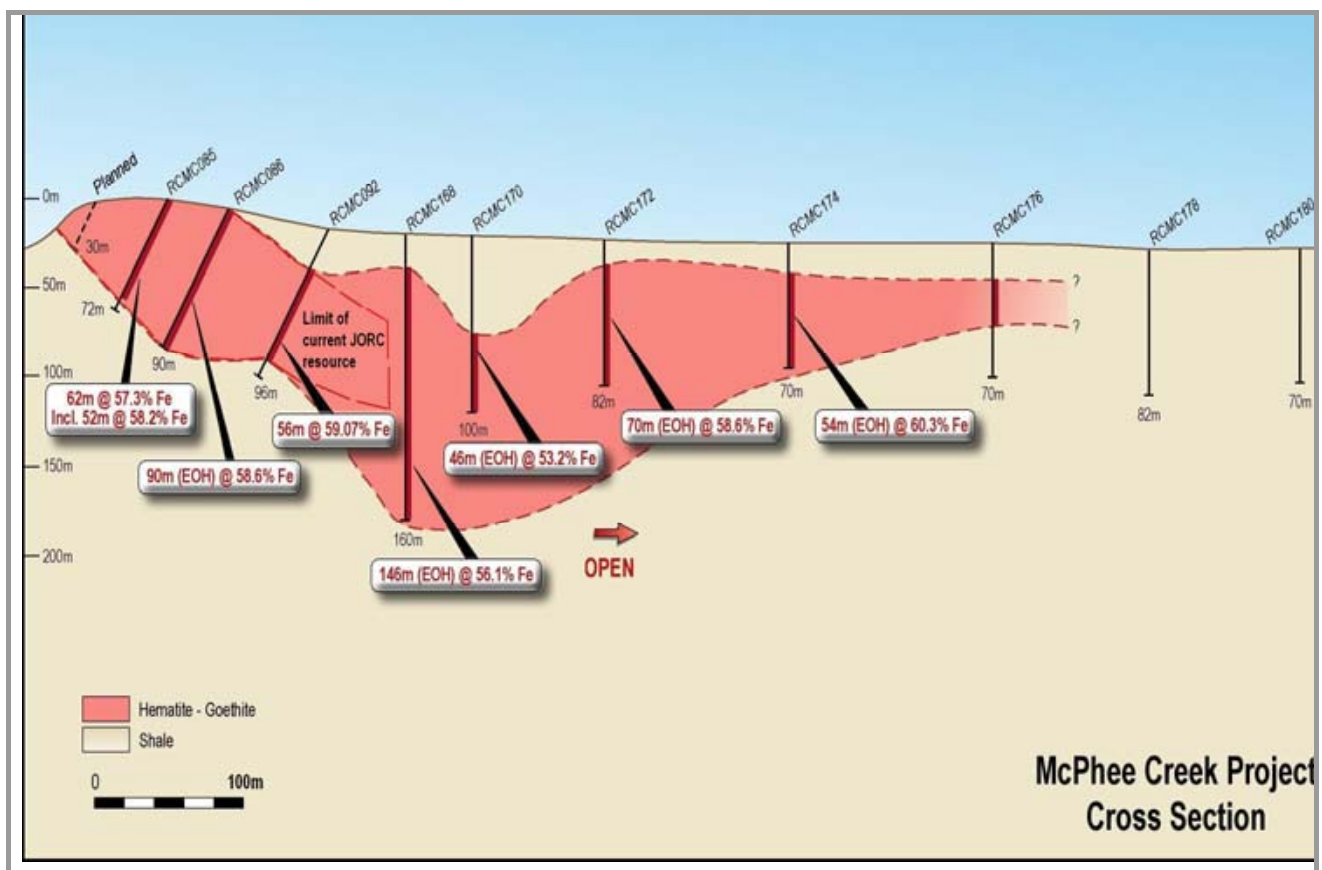


Fig.3: Cross Section McPhee Creek main range deposit.

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 **294 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. Interim Inferred Mineral Resource **161.4 million tonnes @ 56.2% Fe (62.1%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 Inferred Mineral Resource **186.8 million tonnes @ 30.9% Fe (DTR 70.1% Fe, 2.1% SiO₂, Wt Rec 32.8%)**. Coarse magnetite; excellent DTR testwork. Scoping Study on 2.5Mtpa mining and existing rail haulage to Kwinana, found a best scenario **NPV(10%) of A\$321 million, IRR of 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
U3O8 Limited	UTO	uranium	~15%
Zinc Co Australia Limited	ZNC	zinc	~12%
Carpentaria Exploration Limited	CAP	NSW, Qld	~10%
Gascoyne Resources Limited	GCY	gold	~5.9%
Hazelwood Resources Ltd	HAZ	nickel, tungsten	~3.3%
Entrée Gold	ETG-(TSX)	copper	~1%



ABN 67 077 165 532

Level 2, 3 Ord Street
West Perth, Western Australia 6005
AUSTRALIA

PO Box 141
West Perth WA 6872
AUSTRALIA

Phone: +61 8 9355 1677
Fax: +61 8 9355 1977

Email: csaus@csaglobal.com

MEMORANDUM

To: Julian Goldsworthy
Date: July 23, 2010
From: Grant Louw
Re: McPhee Creek Mineral Resource estimate, Technical Summary.

Giralia Resources NL, McPhee Creek Project Mineral Resource Estimate.

CSA Global Pty Ltd (CSA) was engaged by Giralia Resources NL (Giralia) to complete an updated Mineral Resource estimate for iron mineralisation in the southern most part of main range deposit within the 100% Giralia owned McPhee Creek iron ore project. The modelled deposit appears to be a shallow dipping hematite rich zone within an Archaean age banded iron formation sequence. The updated portion of Mineral Resource estimate is based on a 82 hole Reverse Circulation (RC) holes.

The Mineral Resource estimate for the modelled mineralised zone in the main range deposit is classified as Inferred. This is based on confidence in the geological interpretation and continuity from the results of the drilling campaign. The results of the Mineral Resource estimate for the McPhee Creek main range deposit are tabulated in Table 1.

Table 1 Mineral Resource estimate results for McPhee Creek Main Range deposits.

Giralia Resources - Mineral Resource Estimate - McPhee Creek Main Range Deposit as at 23 July 2010								
Deposit Cut-off Grade	Category	Tonnes (Mt)	Fe %	P %	SiO ₂ %	Al ₂ O ₃ %	LOI %	CaFe %
Main Range Total > 50 % Fe	Inferred	161.4	56.2	0.12	6.3	2.6	9.6	62.1

Note: The CSA 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 Fe % cut-off grade. Calcined Iron grade (CaFe) is a measure of iron content upon removal of volatiles (i.e. LOI) and is calculated after estimation of Fe and LOI grades. Differences may occur due to rounding.

The Mineral Resource estimate for the main range deposit completed by CSA is based on:

- Giralia supplied all geological and sampling data and provided technical and geological support to CSA during the resource modelling process.
- CSA imported the supplied drill hole data to Datamine Studio 3 software with no truncation of coordinates and proceeded with the modelling in the Datamine extended precision environment.
- Wireframe solids were generated based on the sectional interpretations provided by Giralia to delineate the zones of Fe mineralisation. A nominal lower Fe cut-off of 50 % was used to define the mineralised envelopes.
- The interpreted mineralised zones consist of extensions to previously modelled zones and newly defined zones based on the nominal 50% Fe cut off. Figure 1 demonstrates the outlines of the updated portion of the modelled mineralised zones and the southern zone from the previous modelling where the update overlaps it.

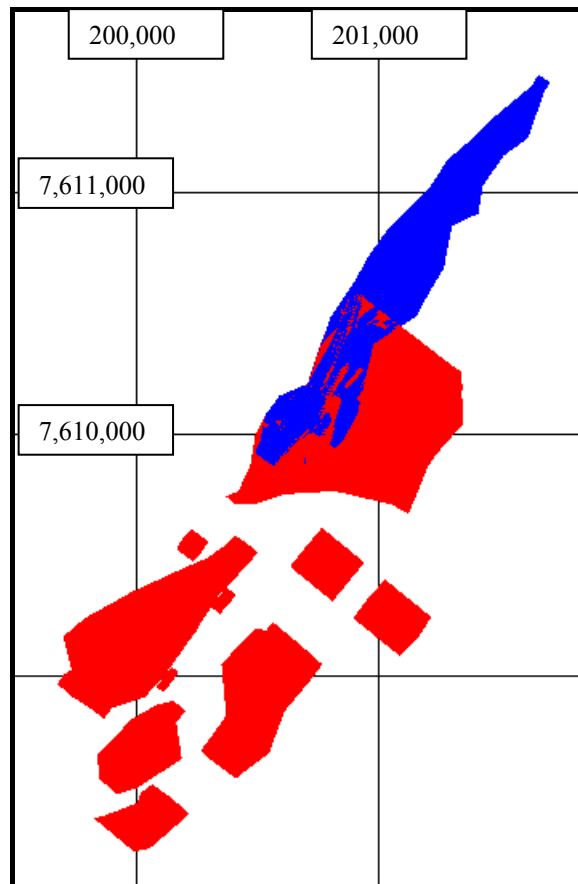


Figure 1 Plan showing extents of the update modelled mineralised zones in Red, previous model mineralised zone in blue

- Drill holes samples were flagged according to the mineralised zone they fall into based on the constructed wireframes.
- The majority of samples are collected from 2m composites, with only a very small number of end of hole samples being from 1m intercepts due to drilling issues.
- The modelled mineralisation was grouped into four zones based on proximity, location relative to interpreted structural features and overall geometric similarity. The four zones were then statistically analysed and estimated separately.
- Top cuts were applied to deleterious elements, for each zone separately, to avoid potential estimation bias associated with outlier values, based on a detailed statistical analysis of the zones.
- Variograms were modelled for Fe and P for the three major zones that had sufficient samples to model variograms successfully. The parameters obtained from the nearest adjacent zone was also applied to the final zone, which did not have sufficient samples to successfully model variograms. The resulting parameters from the Fe variogram modelling were used in the estimation process for Fe and the associated contaminant elements, except P.
- A volume block model was constructed, with blocks coded based on the wireframes in a similar fashion to the drill hole samples.
- The block models contained parent block sizes of 20m x 20m x 5m (X x Y x Z) with subcells down to 5m x 5m x 2.5m.
- Ordinary Kriging (OK) was used to estimate the grades into the parent blocks for Fe and associated deleterious elements, with an Inverse Distance to the power of 2 (IDS) estimate also used as part of the cross check validations of the Kriged grades.
- Search ellipses were orientated based on the overall geometry of mineralisation for the zones, with the search ellipse doubled and then increased twenty fold for the second and third search passes.
- A minimum of 10 samples and a maximum of 36 samples were used to estimate the sample grades into each block for the first and second search passes. The minimum number of samples was reduced to 8 for the third search pass.
- A maximum of 4 samples from any one drill hole were used per block estimate, with cell discretisation of 3 x 3 x 1 (X x Y x Z), and no octant based searching utilised.

- The results of the grade estimation were validated by means of visual comparison along sections, statistical analysis and trend plots comparing the estimated block grades and the drill hole sampling grades.
- A conservative SG of 3.3 was applied to the mineralised zones based on research into results obtained for similar mineralisation types.
- The Mineral Resource was classified as Inferred, based on current drill coverage and confidence in geological and grade continuity.

Fe grade-tonnage curve data of the mineralised zones are presented in Table 2 and Figure 2.

Table 2 Grade Tonnage McPhee Creek main range mineralised zones

Giralia Resources - McPhee Creek Main Range - Interpreted Mineralised Zones July 2010									
Fe% Cut	Volume	Tonnes	FE%	P%	SiO ₂ %	AL ₂ O ₃ %	LOI%	CaFe %	DENSITY
63	30,000	110,000	63.3	0.09	2.8	0.9	5.3	66.8	3.3
62	100,000	500,000	62.6	0.10	3.1	1.0	5.8	66.4	3.3
61	400,000	1,400,000	61.8	0.11	3.3	1.2	6.4	66.1	3.3
60	1,500,000	4,800,000	60.8	0.11	3.7	1.4	7.2	65.5	3.3
59	4,200,000	13,800,000	59.9	0.12	4.0	1.5	8.1	65.2	3.3
58	9,000,000	29,800,000	59.1	0.12	4.4	1.6	8.6	64.7	3.3
57	16,100,000	53,000,000	58.4	0.13	4.7	1.8	9.0	64.2	3.3
56	25,300,000	83,600,000	57.7	0.14	5.1	2.0	9.3	63.6	3.3
55	34,800,000	114,700,000	57.1	0.14	5.5	2.2	9.5	63.1	3.3
54	41,900,000	138,300,000	56.7	0.13	5.9	2.3	9.5	62.6	3.3
53	46,400,000	153,000,000	56.4	0.13	6.1	2.5	9.6	62.3	3.3
52	48,100,000	158,700,000	56.2	0.13	6.2	2.5	9.6	62.2	3.3
51	48,700,000	160,900,000	56.2	0.12	6.3	2.6	9.6	62.1	3.3
50	48,900,000	161,400,000	56.2	0.12	6.3	2.6	9.6	62.1	3.3

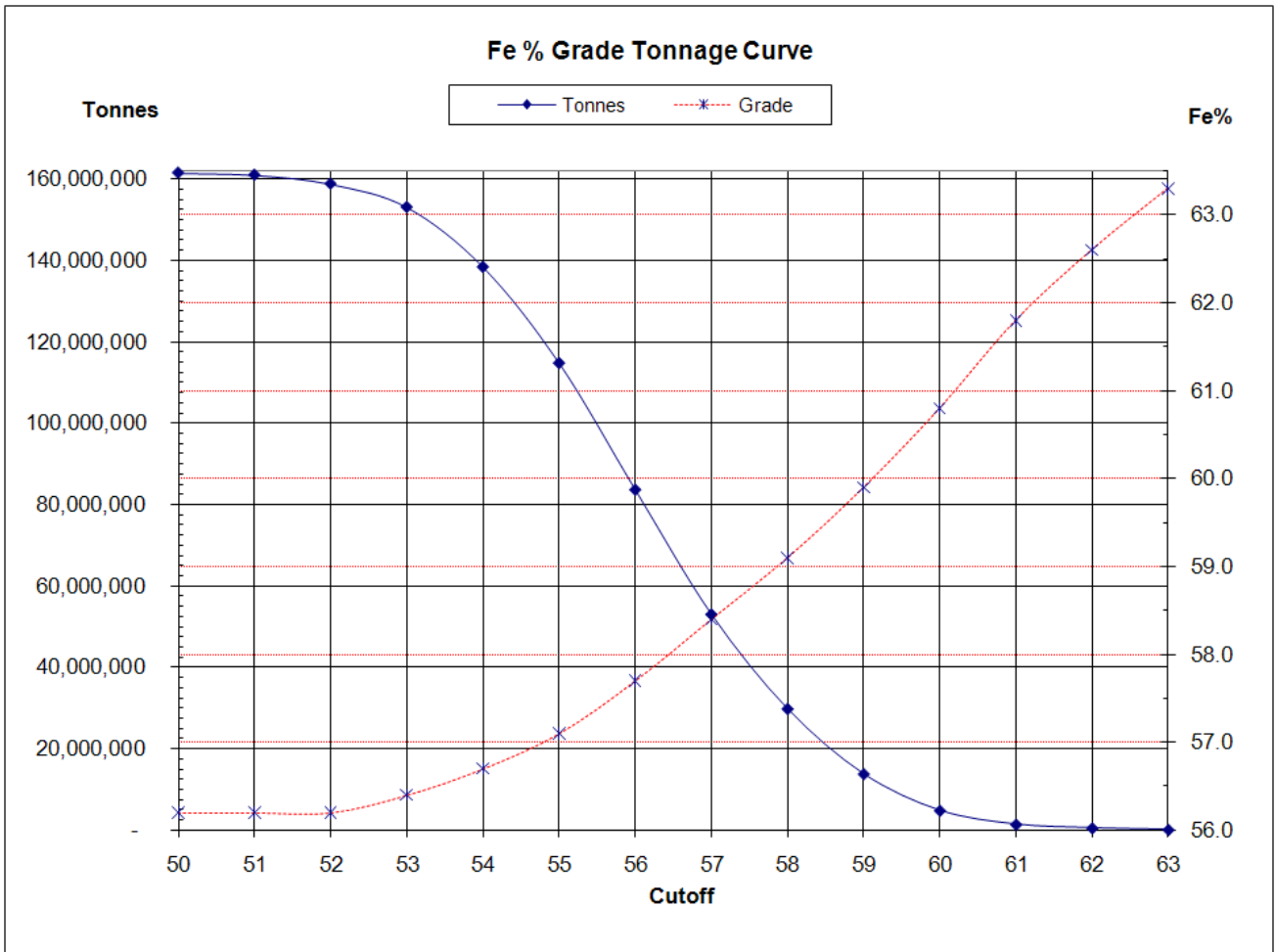


Figure 2 Fe Grade Tonnage curve for main range mineralised zones

The information in this Report that relates to in-situ Mineral Resources is based on information compiled by Grant Louw of CSA Global. Grant Louw takes overall responsibility for the Mineral Resource. 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.