

## ASX ANNOUNCEMENT

### SIGNIFICANT EARLY ASSAYS CONFIRM EXTENSIONS TO MCPHEE CREEK RESOURCE

- First assay results from major resource definition drill-out of the new 100% owned McPhee Creek main range discovery, located 220 kilometres south east of Port Hedland;
  - **114 metres @ 59.9% Fe, incl. 106 metres @ 60.5% Fe, 1.7% Al<sub>2</sub>O<sub>3</sub>**
  - **56 metres @ 56.4% Fe, incl. 36 metres @ 58.5% Fe, 1.7% Al<sub>2</sub>O<sub>3</sub>**
- Results continue to indicate a significant hematite iron ore deposit, with large tonnage potential along the range which is ~8 kilometres long and up to 1 kilometre wide.

The Directors of Giralia Resources NL (Giralia) are pleased to report the first assay results from the major, ongoing resource definition drilling program at the Company's 100% owned McPhee Creek iron ore discovery, 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. Three drill rigs are now in operation at Mc Phee Creek.

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 remains open in most directions, with large tonnage potential indicated along the ~8 kilometres long and up to 1 kilometre wide range. Outcropping hematite mineralisation extends south from the current resource 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.

First assay results have been received for the resource drill-out, with significant results returned from early holes south and south east of the current resource; **114 metres @ 59.9% Fe, 1.9% Al<sub>2</sub>O<sub>3</sub>, from 8 metres depth, including 106 metres @ 60.5% Fe, 1.7% Al<sub>2</sub>O<sub>3</sub>, and 56 metres @ 56.4% Fe, 2.8% Al<sub>2</sub>O<sub>3</sub> from 20 metres depth, including 36 metres @ 58.5% Fe, 1.7% Al<sub>2</sub>O<sub>3</sub>.**

**Table 1: Mc Phee Creek main range, RC drilling May 2010. Intersections >10 metres @ >50%Fe**

Hole No	Coordinates		Dip/Az	Depth (m)	From (m)	To (m)	Interval (m)	Fe %	CaFe %	P %	SiO2 %	Al2O3 %	LOI %
	East	North											
RCMC114	200535	7609805	90/000	125	8	122	114	59.9	65.3	0.16	3.5	1.9	8.01
				incl.	14	120	106	60.5	65.8	0.16	3.1	1.7	7.89
				incl.	24	94	70	61.6	66.1	0.11	3.1	1.6	6.83
RCMC116	200574	7609778	90/000	116	20	76	56	56.4	63.2	0.13	4.9	2.8	10.7
				incl.	38	74	36	58.5	65.3	0.14	3.1	1.7	10.5
RCMC118	200465	7609736	60/300	70	14	28	14	57.0	61.1	0.09	7.3	3.2	6.7
RCMC128	200752	7609514	90/000	100	0	16	16	55.7	63.2	0.11	4.7	2.9	11.8
RCMC130	200830	7609449	90/000	88	0	18	18	55.7	61.4	0.09	8.1	2.6	9.2

*RC drill samples collected as 2m riffle split composites. Intersections quoted using lower cut-offs of 50% and 55% Fe. Coordinates in MGA Zone 51 GDA 94 (± 5m). XRF analyses by Spectolab Laboratory Geraldton. QA/QC included field duplicate samples and Certified Reference Materials. CaFe is a measure of iron content upon removal of volatiles (i.e. LOI)*

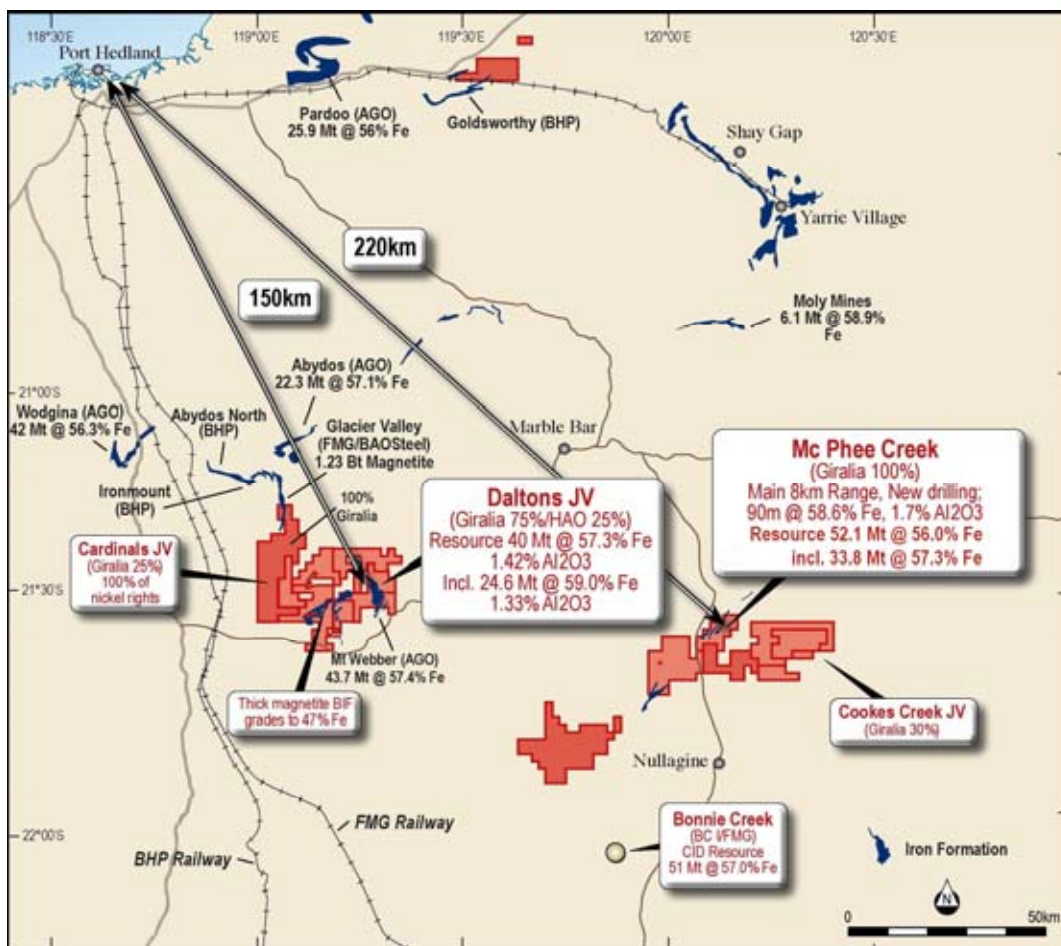


Fig.1; Location plan showing Giralia's McPhee Creek and Daltons-MtWebber iron ore deposits

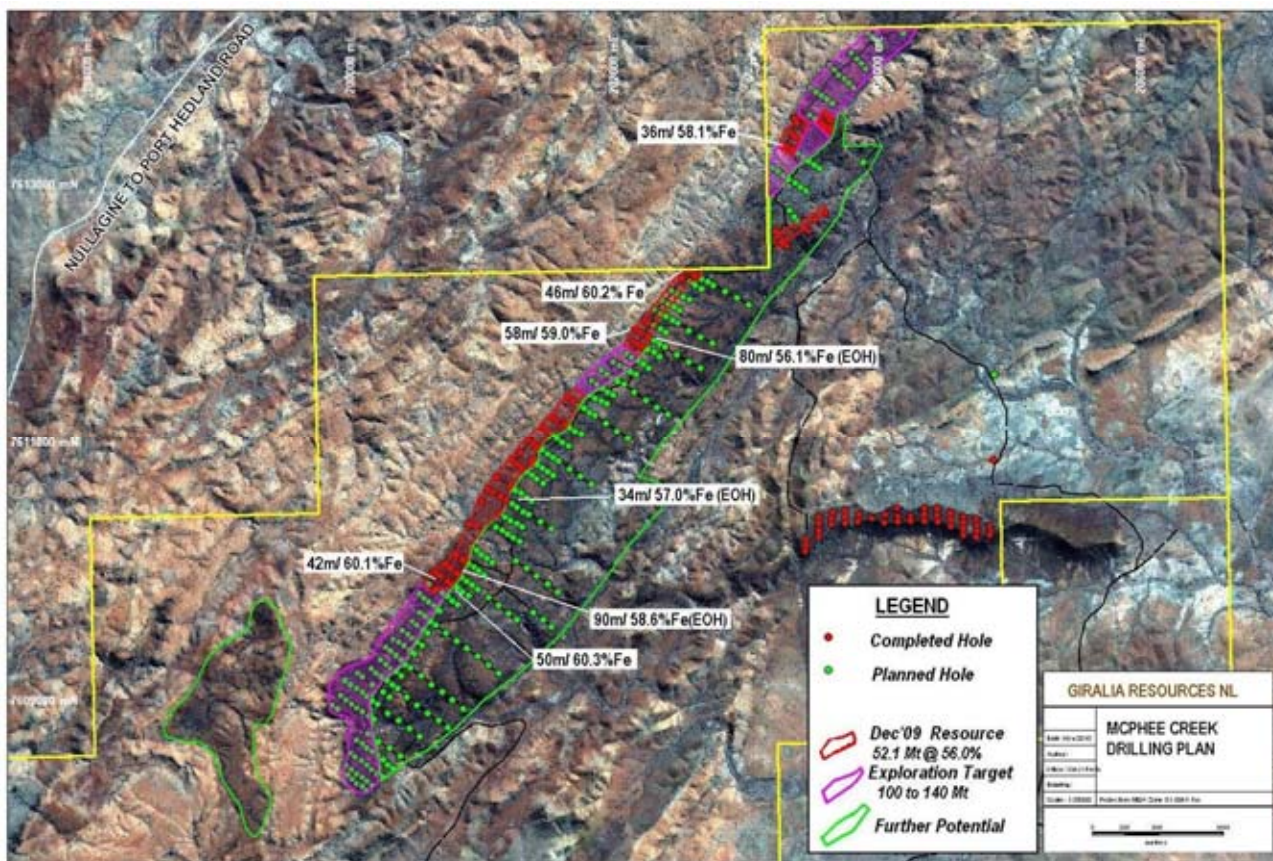


Fig.2; McPhee Creek iron ore deposit, drill hole plan with planned May 2010 resource drilling (green dots)



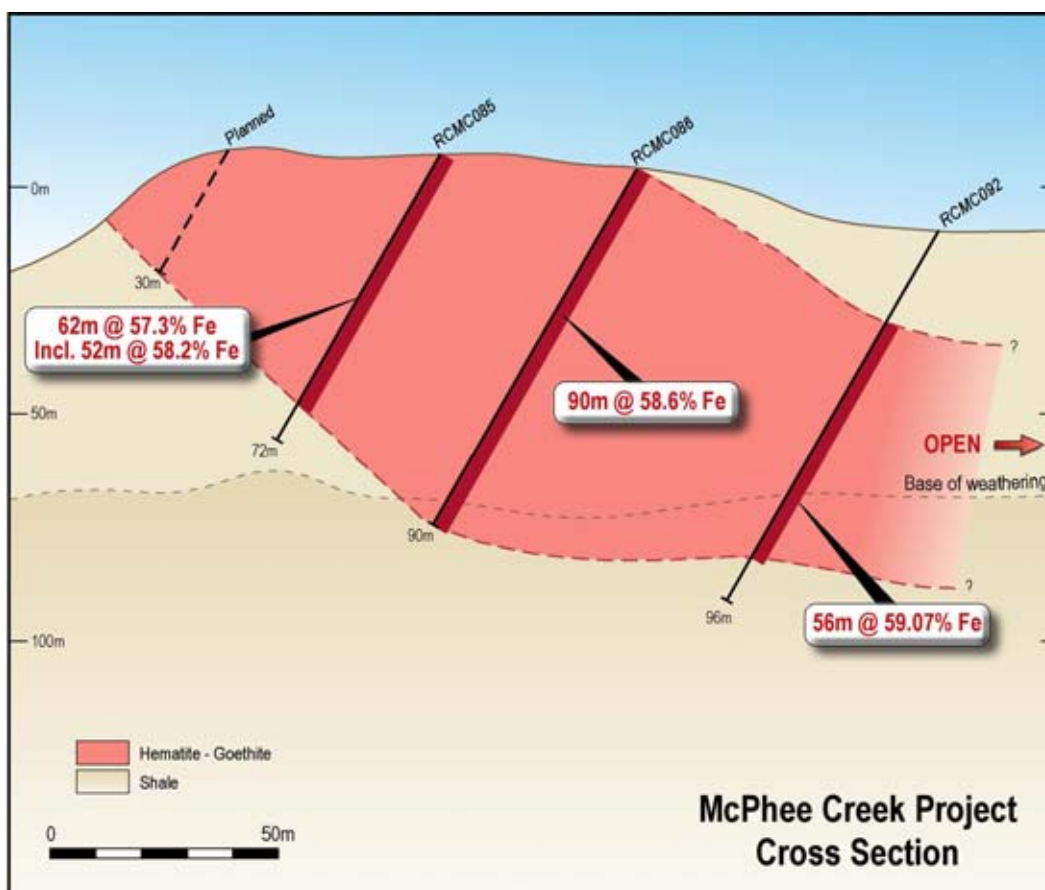


Fig.3; McPhee Creek main range cross section

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

**20 May 2010**

*\* 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.*

*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.*

## 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) – 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. 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.

<u>Company</u>	<u>ASX Code</u>	<u>Key Commodity</u>	<u>Giralia Stake</u>
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%