

## QUARTERLY REPORT FOR THE THREE MONTHS ENDING 30 JUNE 2010

**Giralia Resources NL**  
ABN 64 009 218 204

ASX code: **GIR**

**Activities:**

Iron Ore exploration and development

**Details (30 June '10):**

Issued shares: 178.3m  
Unlisted options: 4.8m  
Mkt Cap (\$1.85): A\$330m  
Cash June '10: ~A\$57m  
Investments: A\$14m  
Debt: Nil

**Major ASX Listed Investments:**

**U308 Limited** -uranium  
(ASX:UTO) Giralia ~15% stake

**Zinc Co Australia Limited** - zinc  
(ASX:ZNC) Giralia ~12% stake

**Carpentaria Expl. Ltd** -NSW, Qld  
(ASX:CAP) Giralia ~10.4% stake

**Gascoyne Resources Limited** -gold  
(ASX-GCY) Giralia ~5.9% stake

**Hazelwood Resources Ltd** -nickel  
(ASX:HAZ) Giralia ~ 3.3% stake

**Directors:**

Chairman - Graham Riley  
Exec Director - Stan Macdonald  
Managing Director -Mike Joyce

**Senior Management:**

Company Sec. - Bruce Acutt  
Expl. Mgr - Julian Goldsworthy

**Major shareholders :**

Directors/family	12.23%
AMCI	9.82%
BlueGold Cap Mgmt	9.25%
Coupland Cardiff Asst	4.10%

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**EXPLORATION:**

A 4 rig drill-out at the exciting new McPhee Creek hematite discovery in the North Pilbara, resulted in a major resource upgrade subsequent to the end of quarter. A maiden JORC magnetite resource was released for the Yerecoin project and Pre-Feasibility Study work continued at the Daltons-Mt Webber DSO project.

- **McPhee Creek Iron ore Project (100%):** Major resource drilling program on the new main range discovery with a total of 202 RC holes for 18,992 metres and 3 PQ diamond drill holes for 270.5 metres completed during the quarter. Significant drilling results announced; **114 metres @ 59.9% Fe (65.3% CaFe), 126 metres @ 55.8% Fe (61.9%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).**

Subsequent to the end of quarter the Company announced an Interim upgrade to the JORC Inferred Mineral Resource estimate for the McPhee Creek main range deposit;

- **New Resource estimate 161.4 million tonnes @ 56.2 % Fe (62.1% CaFe),**
- **Upward revision of Exploration Target# to 250 to 350 million tonnes @ 56-60% Fe.**

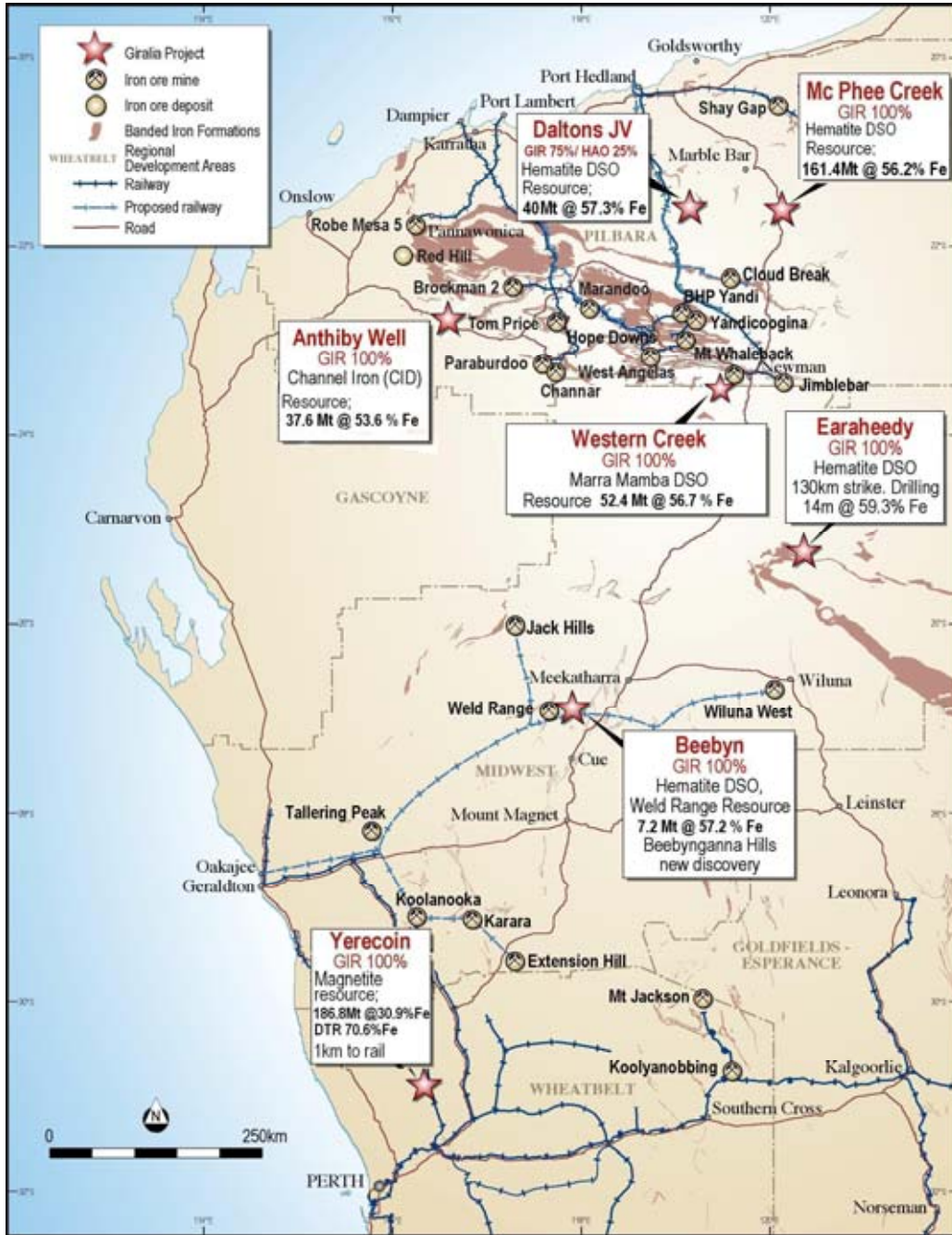
The new interim McPhee Creek resource estimate incorporates drilling results for only the southern 25-30% of the main range. It exceeds previously established Exploration Target# of 100 to 140 Mt and represents a major increase to previous 52.1 million tonne JORC resource estimate.

- **Yerecoin Iron Ore Project (100%):** Maiden JORC compliant resource of **186.8 million tonnes @ 30.9 %Fe, (DTR Fe 70.1% Fe, 32.8% weight recovery and 2.1% SiO<sub>2</sub>)** was reported at the Yerecoin magnetite project, located around 120 kilometres NNE of Perth in Western Australia. The key to the development of the Yerecoin project is its location within 1 kilometre of existing rail access. Positive Scoping Study on development options delivered in early 2010 yielded a best scenario NPV (10%) of A\$321 million and an IRR of 33.8%..

- **Daltons-Mt Webber Iron Ore Project (75%):** Pre Feasibility Study work continued, including detailed environmental and groundwater investigations. Infill RC drilling was completed to allow upgrade of resource category with assay results awaited. Further PQ diamond core holes were drilled to provide material for further product specification testwork, with a best result of **70.9 metres (EOH) @ 58.64 % Fe.**

**CORPORATE:**

Giralia received A\$703,700 cash and 1.528 million shares in Entrée Gold (TSX\_ETG) on completion of the merger of copper spin-off PacMag Metals Limited (ASX-PMH).



Location of Giralia’s Western Australian iron ore projects

Table : Giralia JORC hematite Iron Ore Mineral Resources

Deposit	Tonnes (Mt)	Grade at Fe > 50%						Resource Category	Deposit Type
		Fe %	P %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	LOI %	^CaFe%		
Western Creek (100%)	52.4	56.7	0.06	6.2	3.6	8.9	62.2	Inferred	DSO
Daltons-Mt Webber (75%)	40	57.3	0.09	7.5	1.4	8	62.3	Inferred	DSO
McPhee Ck (100%) - Main	161.4	56.2	0.12	6.3	2.6	9.6	62.1	Inferred	DSO
McPhee Ck (100%) - CID	5.2	53.6	0.03	7.2	6.1	11.3	60.4	Inferred	CID
Anthiby Well (100%)	37.6	53.6	0.04	7.5	4.8	9.3	59.1	Inferred	CID
Beebyn (100%)	7.2	57.2	0.07	8.4	3.0	5.2	60.4	Inferred	DSO
<b>GRAND TOTAL</b>	<b>303.8</b>	<b>56.0</b>	<b>0.09</b>	<b>6.65</b>	<b>2.96</b>	<b>9.2</b>	<b>61.7</b>	<b>Inferred</b>	<b>DSO,CID</b>

<sup>^</sup>Calcined Iron grade (CaFe) is iron content upon removal of volatiles (i.e. LOI). \* Mt Webber tonnage is 100%. Excludes the Yerecoin Magnetite deposit with Inferred JORC Mineral resource 186.8 million tonnes @ 30.9% Fe.

## CORPORATE

At 30 June 2010, the Company had a total of approximately \$58 million in cash on deposit plus interest accrued on maturing term deposits. During the quarter Giralia received A\$703,700 cash and 1.528 million shares in Entrée Gold (TSX\_ETG) on completion of the merger of copper spin-off PacMag Metals Limited (ASX-PMH) in which Giralia had a 10.4% retained interest.

## EXPLORATION

### **IRON ORE PROJECTS**

#### **McPhee Creek Iron Ore Project - (Giralia 100%)**

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 Resource of 52.1 million tonnes @ 56.0%Fe (61.7% CaFe) at 50% Fe cut-off, with 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 to expand the initial resource. A total of 202 RC holes for 18,992 metres and 3 PQ diamond drill holes for 270.5 metres were completed during the June quarter. Significant drilling results were announced to ASX on 20 May, 1 June, 10 June, 18 June and 29 June 2010 from early holes extending south and east from the current JORC 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).**

On 8 July 2010 new assay results were reported from holes at the northern end of the main range 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**.

On 26 July the Company released an interim upgrade to the JORC compliant Inferred Mineral Resource at the MCPhee Creek main range deposit.

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.

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

*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.*

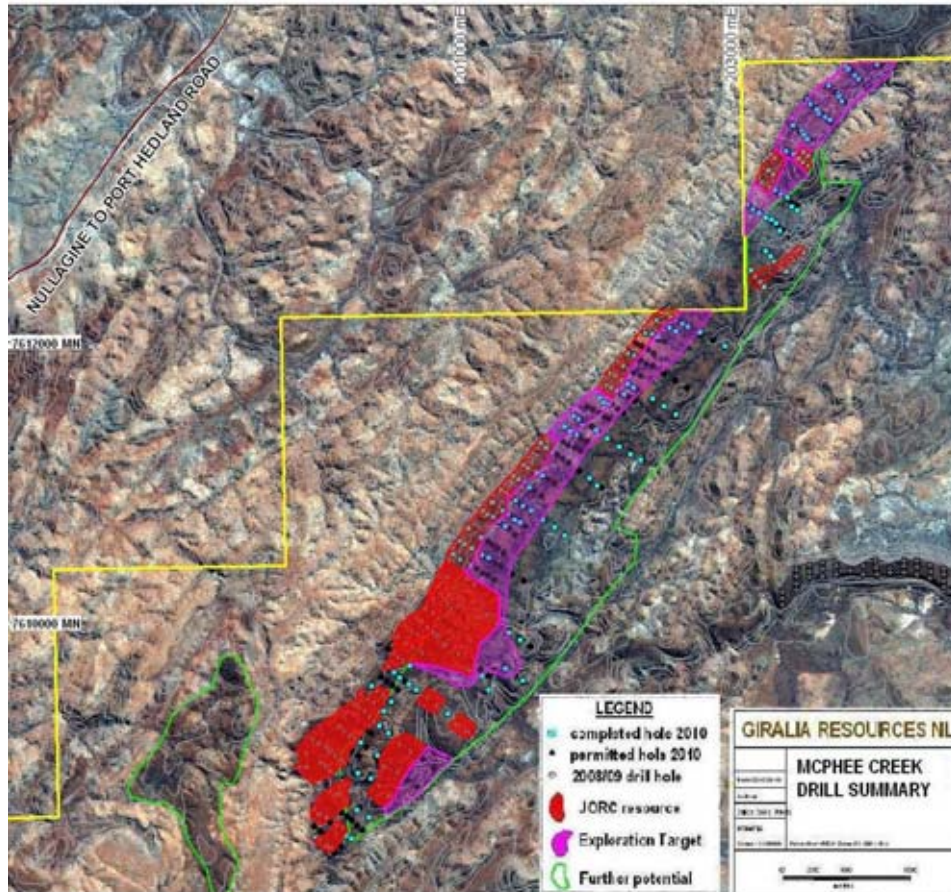
The Company also announced an upward revision of its Exploration Target# for the MCPhee Creek main range deposit to 250 to 350 million tonnes @ 56-60% Fe.

All remaining assay results should be received by early August, with a further resource update anticipated by late August.

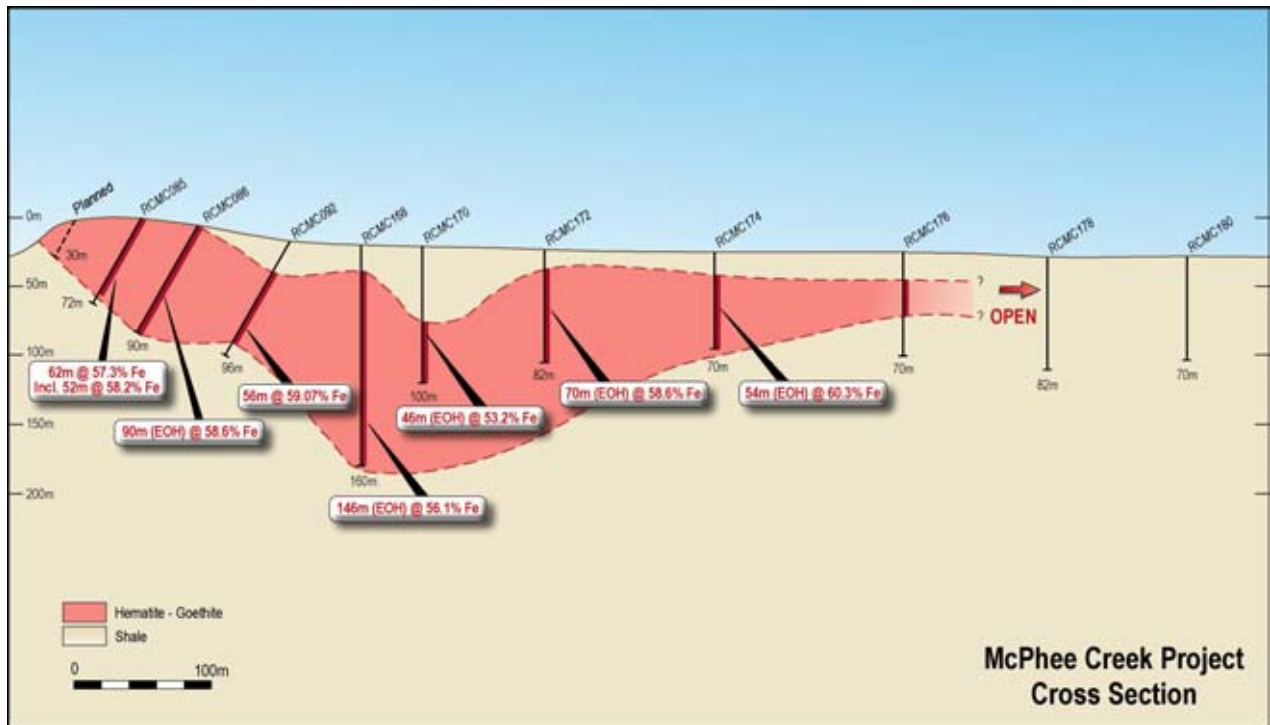
**Table : Mc Phee Creek main range, RC drilling May- June 2010. Intersections>20 metres @ >50%Fe .**

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
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
RCMC131	200282	7609405	90/000	126	16	86	70	57.1	63.8	0.10	4.4	1.7	10.7
RCMC133	200327	7609368	90/000	108	16	108	92 EOH	56.7	62.7	0.13	6.1	1.5	9.5
				incl.	84	108	24 EOH	60.0	65.8	0.09	3.8	0.9	8.8
RCMC135	200095	7609287	60/310	84	16	62	46	56.3	62.1	0.09	5.1	3.2	9.4
RCMC137	200135	7609259	60/310	108	22	104	82	56.3	62.6	0.09	5.6	2.2	10.1
				incl.	62	102	40	58.4	64.5	0.09	4.2	1.3	9.4
RCMC139	200182	7609223	60/310	144	16	142	126	55.8	61.9	0.09	7.1	1.9	9.8
RCMC141	200218	7609199	90/000	114	42	114	72 EOH	57.8	63.9	0.09	4.5	1.9	9.5
RCMC143	199896	7609195	60/310	60	0	32	32	55.2	60.6	0.07	6.5	4.3	8.9
RCMC147	200001	7609139	60/300	78	12	42	30	55.3	61.9	0.07	5.2	3.2	10.7
RCMC149	200030	7609105	90/000	78	12	66	54	55.0	61.9	0.11	5.0	2.9	11.2
RCMC151	200066	7609079	90/000	102	30	96	66	56.3	62.1	0.06	5.5	2.3	9.3
RCMC153	200108	7609043	90/000	132	18	120	102	58.2	63.5	0.07	4.7	2.3	8.4
RCMC157	199858	7609093	60/310	66	30	54	24	56.6	63.0	0.09	5.4	2.2	10.1
RCMC162	200532	7608954	90/-	88	8	88	80 EOH	57.0	63.9	0.18	4.6	1.6	10.8
				incl.	24	88	64	58.1	65.0	0.19	3.7	1.3	10.7
RCMC163	199960	7609021	90/000	90	0	54	54	54.9	61.0	0.07	6.5	3.8	10.1
RCMC164	200432	7608997	90/-	76	0	46	46	56.8	63.3	0.36	4.0	3.2	10.3
RCMC165	200000	7608990	83/290	66	16	42	26	57.2	62.0	0.06	6.3	3.5	7.8
RCMC167	200027	7608958	90/000	66	8	32	24	55.1	60.2	0.05	7.6	3.6	8.5
RCMC168	200793	7610003	90/-	160	14	160	146 EOH	56.1	62.0	0.12	7.2	2.1	9.5
				incl.	38	106	68	56.5	63.2	0.14	6.0	1.7	10.7
				and	124	160	36 EOH	60.2	64.9	0.12	3.7	1.7	7.3
RCMC172	200880	7609909	90/-	82	12	82	70 EOH	58.6	65.3	0.20	3.0	1.7	10.2
RCMC174	200990	7609835	90/-	70	16	70	54 EOH	60.3	65.2	0.11	4.4	1.5	7.4
RCMC175	200158	7608729	90/000	84	8	50	42	55.0	60.8	0.09	6.9	2.6	9.6
RCMC203	200468	7608775	90/000	96	0	74	74	56.5	63.6	0.44	3.0	2.8	11.2
RCMC209	200644	7609885	60/310	90	22	90	68 EOH	58.5	63.4	0.08	5.4	2.9	7.8
RCMC211	200685	7609858	60/310	120	48	120	72 EOH	60.5	65.8	0.12	3.3	1.5	8.2
RCMC213	200837	7610105	60/310	120	24	120	96 EOH	58.6	65.1	0.14	3.1	1.6	10.1
RCMC214	200864	7610242	60/310	132	22	126	104	57.3	63.5	0.13	5.4	1.9	9.7
RCMC215	200907	7610207	60/310	138	70	124	54	57.1	63.8	0.09	5.4	1.4	10.5
RCMC216	200932	7610178	60/310	138	102	138	36 EOH	58.2	64.7	0.14	4.1	1.5	10.1
RCMC217	201047	7610394	60/310	144	36	94	58	56.1	62.5	0.11	6.5	2.0	10.2
RCMC218	201098	7610357	60/310	102	52	92	40	56.4	62.8	0.19	5.3	2.1	10.2
RCMC253	202211	7611766	60/310	132	74	110	46	56.9	63.5	0.11	5.3	1.9	10.4
RCMC257	202374	7612224	90/-	132	8	108	100	57.8	63.4	0.08	4.5	2.2	8.9
				incl.	8	104	96	58.0	63.6	0.08	4.2	2.2	8.9
RCMC259	202424	7612216	90/-	108	40	108	68 EOH	57.1	63.3	0.07	4.9	3.0	9.9
RCMC261	202468	7612195	90/-	150	72	150	78 EOH	54.9	61.6	0.08	6.1	3.1	10.8
				incl.	94	150	56 EOH	56.9	63.9	0.07	4.7	1.8	11.0
RCMC263	202518	7612304	60/310	144	32	144	112 EOH	57.7	63.3	0.06	4.7	2.9	8.8
				incl.	70	144	74 EOH	60.3	65.5	0.07	3.4	1.6	7.9
RCMC265	202557	7612267	60/310	144	82	144	62 EOH	56.9	63.3	0.06	5.2	2.2	10.1
RCMC267	202606	7612237	-60/310	150	12	26	14	55.5	60.8	0.13	9.8	1.8	8.6
				and	144	150	6 EOH	58.1	64.7	0.03	4.6	1.0	10.1
RCMC275	203340	7613293	60/299	90	26	46	20	56.4	63.2	0.02	4.5	2.6	10.7
RCMC277	203382	7613264	60/295	108	70	88	18	55.4	61.5	0.09	8.1	1.3	9.9
RCMC279	203432	7613239	60/307	120	18	40	22	55.8	61.9	0.33	8.6	0.9	9.9
RCMC281	203470	7613171	-90/-	114	16	64	48	55.9	61.7	0.09	8.2	1.6	9.5
RCMC283	203429	7613587	60/307	108	22	44	22	53.9	60.6	0.12	6.3	3.8	10.9
				and	104	108	4 EOH	55.0	61.0	0.14	9.4	1.0	9.9
RCMC287	203557	7613709	60/304	138	72	98	26	56.1	62.8	0.09	5.2	2.4	10.7

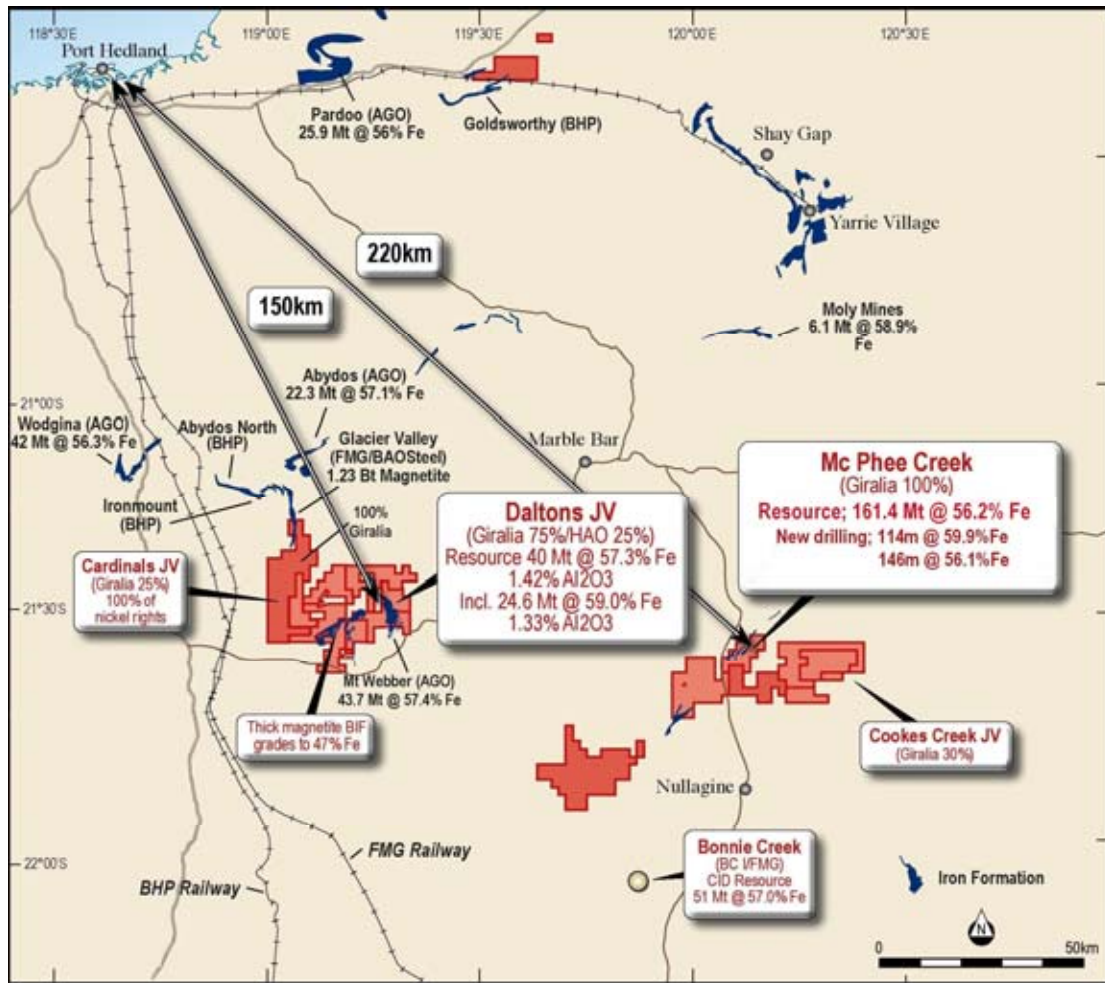
*Notes to Table 1; RC drill samples collected as 2m riffle and cone split composites. Intersections quoted using lower cut-offs of 50% and 55% Fe.Coordinates in MGA Zone 51 GDA 94 (± 5m). XRF analyses by Spectrolab Laboratory Geraldton. QA/QC included field duplicate samples and Certified Reference Materials.CaFe is a measure of iron content upon removal of volatiles (i.e. LOI). EOH = open at end of hole*



*McPhee Creek iron ore deposit, drill hole plan with 2010 resource drilling (blue dots).  
The new 26 July 2010 interim JORC resource outline (161.4 million tonnes) is shown in red.*



*Cross section of McPhee Creek main range deposit*



*Location plan Daltons JV and McPhee Creek tenements*

**Daltons Joint Venture (Giralia 75%, Haoma Mining NL 25%)**

The Daltons Joint Venture (Giralia 75% interest, Haoma Mining NL (“Haoma”) 25% interest), covers four tenements located around 150 kilometres south of Port Hedland in the Pilbara region of Western Australia.

The Daltons JV’s Mt Webber iron ore deposit has an Inferred Mineral Resource reported on 14 September 2009 of 40 million tonnes @ 57.3% Fe, including 33.8 million tonnes @ 57.9% Fe, 1.44% Al<sub>2</sub>O<sub>3</sub> (63.06% CaFe) in the Main Southern Zone. The Daltons JV’s Mt Webber tenements directly adjoin Atlas Iron Limited’s Mt Webber prospect, which has a reported resource of 43.7 million tonnes @ 57.4% Fe.

Pre-Feasibility Study elements were commissioned at Daltons–Mt Webber following the release on 17 December 2009 of the findings of an independent Scoping Study on development options, targeting the production of direct shipping iron ore (“DSO”), initially at 2 million tonnes per year by open pit mining and road haulage to Port Hedland. The implementation schedule for the project indicates that it may be possible to achieve first production by October 2011.

Detailed environmental studies are well advanced, with consultants ecologia Environment contracted to undertake all environmental investigations and environmental impact assessment documentation required for a proposed 2mtpa mine through to mining approvals. Groundwater consultants Aquaterra have been contracted to undertake borefield search and licensing. Additional PQ diameter drill core is currently undergoing metallurgical testing at Ammtec for product specification.

A Mining Lease application was lodged in late April covering the Mt Webber deposit and environs, and a new northern access ramp road has been constructed.

Drilling of 5 further PQ diamond core holes for 217.7 metres (RDMW002 to 006) has been completed at Daltons-Mt Webber, and partial results have been received from Ammtec for ongoing metallurgical work drill core. Lump to fines ratio for RDMW004 and 006 varied with depth, ranging from a high of **68.45%:31.55%** to a low of **51.76%:48.24%**, supporting the previously reported high lump ratio for hole RDMW001 which ranged from a high **56.8%:43.2%** to a low of **32.4%:67.6%**.

Head assays have been received for the new holes (RDMW002,003 and 005). Hole RDMW002 terminated before intersecting the full thickness of mineralisation, returned an intersection of **70.9 metres @ 58.64% Fe, 4.22% SiO<sub>2</sub>, 1.57% Al<sub>2</sub>O<sub>3</sub>, 0.08% P, and 8.79% LOI** from surface.

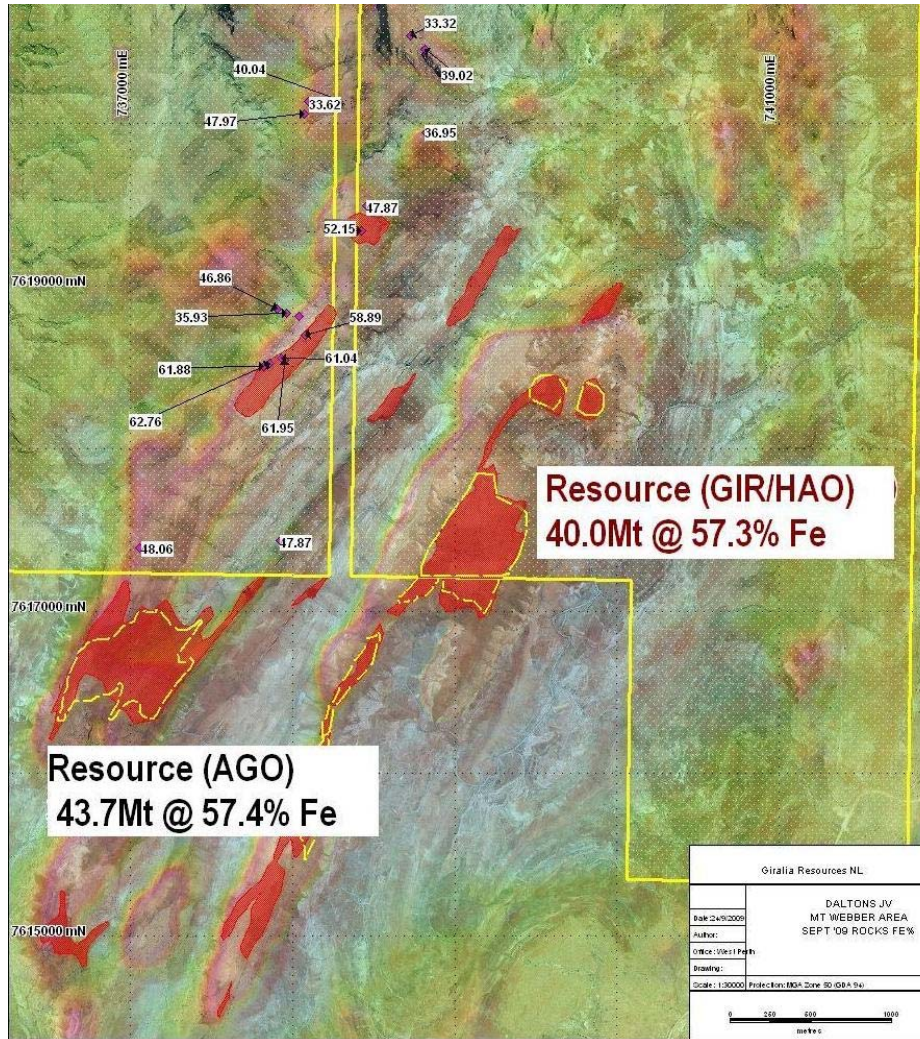
Infill RC drilling was completed in mid June (19 holes/ 1562 metres) to upgrade resource category from Inferred to Indicated, and allow estimation of Ore Reserves and detailed mine engineering studies. Assay results from this drilling are awaited.

Further drilling is also planned to test several new hematite zones to the west of Mt Webber for resource growth targets following additional mapping and access track planning, which commenced after the end of the quarter.

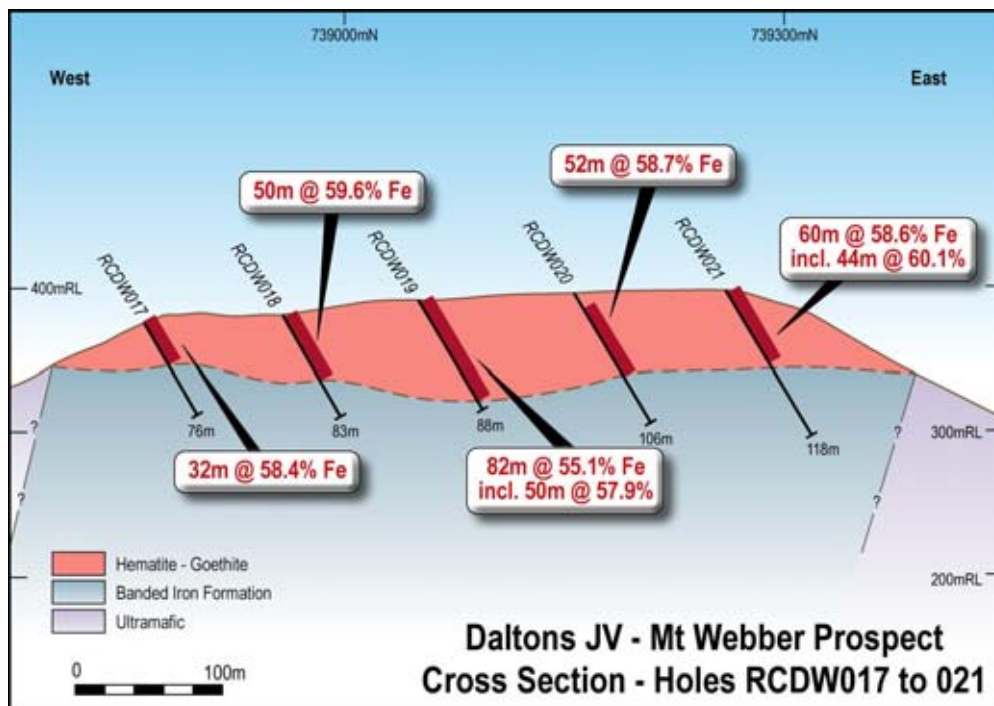
Table; Collar coordinates and assay results received to date from RC and Diamond drilling

Hole No	Coordinates		Dip/Az	Depth (m)	From (m)	To (m)	Interval (m)	Fe %	P %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	LOI %
	East	North										
RDDW002	738955	7617235	-90	70.9	0	70.9	70.9 EOH	58.64	0.08	4.22	1.57	8.79
RDDW003	739163	7617445	-90	40	0	31.8	31.8	57.79	0.08	7.20	1.08	7.87
<i>RDDW004</i>	<i>738944</i>	<i>7617460</i>	<i>-90</i>	<i>30.3</i>	<i>0</i>	<i>30.3</i>	<i>30.3 EOH</i>	<i>55.58</i>	<i>0.09</i>	<i>7.94</i>	<i>1.64</i>	<i>10.04</i>
RDDW005	739192	7617544	-90	45	0	33.3	33.3	55.77	0.06	7.71	1.26	8.32
<i>RDDW006</i>	<i>739185</i>	<i>7617679</i>	<i>-90</i>	<i>31.5</i>	<i>4.5</i>	<i>31.5</i>	<i>27 EOH</i>	<i>58.17</i>	<i>0.09</i>	<i>5.51</i>	<i>0.57</i>	<i>9.81</i>
RCDW041	739204	7617246	-90	110			awaited					
RCDW042	739112	7617252	-60/090	118			awaited					
RCDW043	739023	7617232	-60/095	94			awaited					
RCDW044	738917	7617250	-60/093	64			awaited					
RCDW045	739252	7617349	-60/090	118			awaited					
RCDW046	738950	7617369	-60/090	70			awaited					
RCDW047	739154	7617354	-60/090	94			awaited					
RCDW048	739060	7617348	-60/090	76			awaited					
RCDW049	739199	7617453	-60/090	76			awaited					
RCDW050	739253	7617554	-60/090	94			awaited					
RCDW051	739100	7617450	-60/090	58			awaited					
RCDW052	739014	7617455	-60/090	64			awaited					
RCDW053	739158	7617536	-60/090	58			awaited					
RCDW054	739057	7617555	-60/090	58			awaited					
RCDW055	739185	7617658	-60/090	88			awaited					
RCDW056	739237	7617601	-90	70			awaited					
RCDW057	739277	7617664	-60/090	94			awaited					
RCDW058	739188	7617776	-90	64			awaited					
RCDW059	739175	7617873	-60/270	94			awaited					

*Notes to Table; PQ diamond core holes ; RDDW prefix. Whole PQ core submitted to Ammtec metallurgical laboratories for testwork. RC drill holes ; RCDW prefix RC drill samples collected as 2m riffle and cone split composites. Intersections quoted using lower cut-offs of 50% and 55% Fe.Coordinates in MGA Zone 50 GDA 94 (± 5m). XRF analyses by Spectrolab 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). EOH = open at end of hole.*



*Daltons JV Mt Webber iron ore prospect. JV tenements in Yellow*



*Daltons-Mt Webber Cross Section*



## Yerecoin Iron Ore Project – (Giralia 100%)

On 7 July 2010, just subsequent to the end of the June quarter, Giralia reported the maiden JORC Inferred Mineral 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 project is its location within 1 kilometre of existing rail access.

<b>Giralia Resources - Mineral Resource Estimate – Yerecoin Magnetite Deposit as at 6 July 2010</b>								
<b>Deposit Area</b>	<b>Category</b>	<b>Tonnes (Mt)</b>	<b>Head Fe %</b>	<b>DTR Wt Rec %</b>	<b>DTR Fe Conc. %</b>	<b>DTR SiO<sub>2</sub> %</b>	<b>DTR Al<sub>2</sub>O<sub>3</sub> %</b>	<b>DTR P %</b>
Northern Area	Inferred	153.4	31.1	34.3	70.6	1.7	0.3	0.003
Southern Area	Inferred	33.3	29.6	26.2	68.0	3.7	0.7	0.007
<b>Total</b>	<b>Inferred</b>	<b>186.8</b>	<b>30.9</b>	<b>32.8</b>	<b>70.1</b>	<b>2.1</b>	<b>0.4</b>	<b>0.004</b>

*Note: The Mineral Resource was estimated within constraining wireframe solids based on a nominal lower cut-off grade of 20% Fe head assay. The resource is quoted from blocks above the specified cut-off of 15 % DTR Weight Recovery. Differences may occur due to rounding. DTR Grind size approximately 95% passing 75 microns.*

Internationally recognised geological consultants CSA Global Pty Ltd (CSA) were commissioned by Giralia to complete the maiden resource estimate for the Yerecoin magnetite deposit. The maiden resource estimate substantiates the Company’s previously defined Exploration Target at Yerecoin (200 to 250 million tonnes grading 30% to 35% Fe).

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 Company had previously announced (9 February 2010) positive results on from an independent Scoping Study by magnetite specialists ProMet Engineers, with a design basis of 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 late 2013. At the mining rate envisaged in the Scoping Study (7.5mtpa) the new resource will equate to in excess of 20 years of production. Additional potential is envisaged in untested magnetic anomalies along strike.

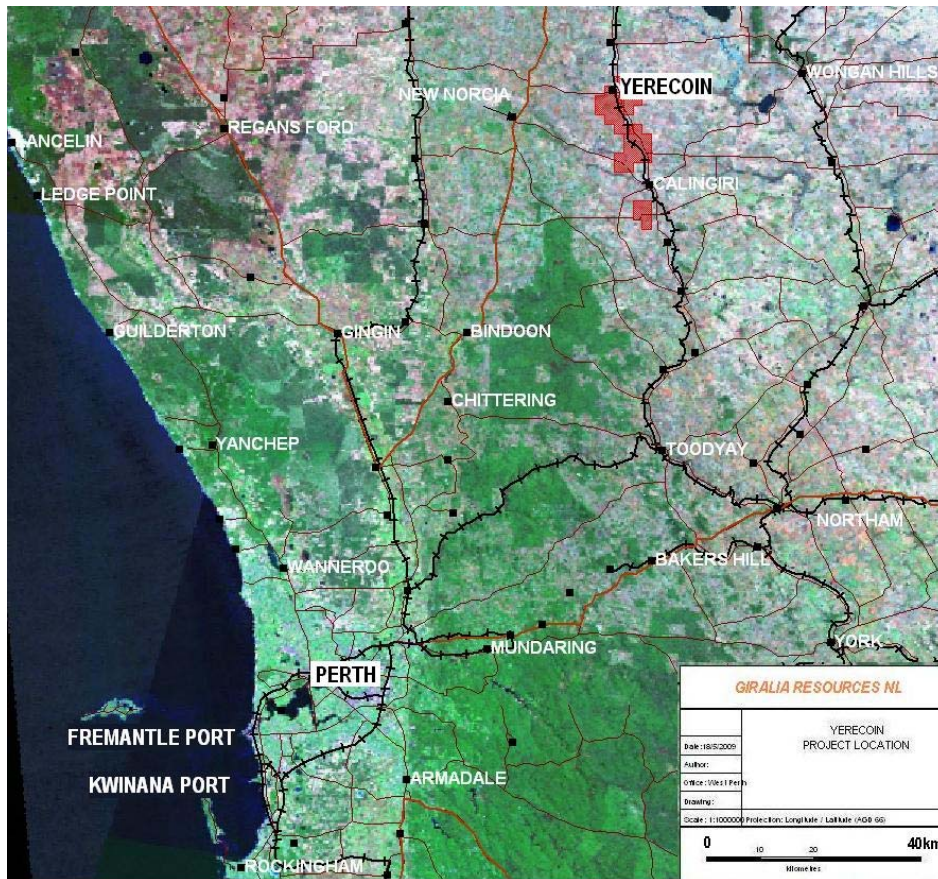
Assays and DTR results were reported on 18 May 2010 for resource drilling (59 holes/7549 metres of RC and diamond coring), showing significant results over the 30 kilometres of strike, including; **96 metres @ 34.8%Fe (DTR 71.3%Fe, 1.0%SiO<sub>2</sub>, 45.7% weight recovery), 125.1 metres @ 32.7%Fe (DTR 69.8%Fe, 2.8%SiO<sub>2</sub>, 38.8% weight recovery), 82.8 metres @ 32.1%Fe (DTR 70.9%Fe, 1.3%SiO<sub>2</sub>, 37.2% weight recovery), 73 metres @ 33.4%Fe (DTR 71.6%Fe, 1.6%SiO<sub>2</sub>, 37.7% weight recovery and 68 metres @ 35.7%Fe (DTR 71.4%Fe, 0.9% SiO<sub>2</sub>, 39.6% weight recovery).**

Substantial additional metallurgical testwork will now be completed to establish preferred product specifications, along with the commencement of Pre Feasibility engineering, transport, marketing, environmental and groundwater studies. The Company is evaluating partnership opportunities to advance the development of the Yerecoin project.

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

Hole No	Coordinates		Dip/Az.	Depth (m)	From (m)	To (m)	Interval (m)	Fe %	DTR Fe conc. %	DTR SiO2 %	DTR Al2O 3 %	DTR P %	Wt Recovery %
	East	North											
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<sup>+</sup>. Up to 6 metres included material below cut-off. Sizing indicates approximately 95% passing 75 microns..<sup>+</sup> MagFe = (% Weight Recovery / 100) x (% Fe conc.) = the percentage of magnetically recoverable Fe in ore.



*Yerecoin Location Plan showing existing port and rail*

### **Western Creek Iron Ore Project – (Giralia 100%)**

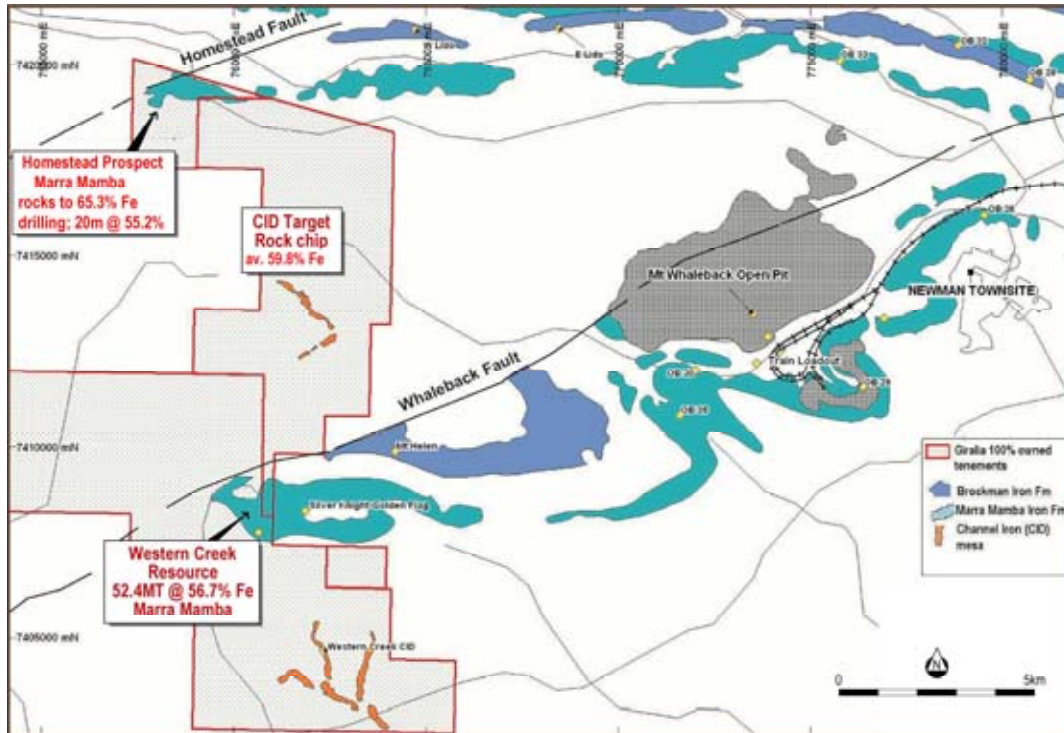
Giralia's 100% owned Western Creek tenements adjoin the BHP Billiton Mt Newman iron-ore mining leases in the Western Ridge area, around 15 kilometres west of Newman in the Pilbara region of Western Australia.

The current Inferred Mineral Resource at Western Creek of **52.4 million tonnes @ 56.7% Fe** (estimated at a lower cut-off grade of 50%Fe) includes higher grade zones of **32.6 million tonnes @ 58.3% Fe** (at a 56%Fe lower cut-off grade).

The Mineral Resource comprises thick zones of flat lying or shallow dipping iron ore mineralisation, and occurs to a maximum depth of only around 50 metres from the natural land surface, likely to result in very low waste to ore ratios. Average thickness of the shallow dipping sheet of mineralisation in the higher grade South Marra Mamba zone is approximately 30 metres, with better intersections of near surface iron ore including; **50m @ 60.4% Fe, 50m @ 58.2% Fe and 42m @ 59.1% Fe.**

A 59 hole program of RC drilling commenced after the end of the quarter to test two new resource growth targets;

- the central Marra Mamba hill at the "Homestead" prospect around 10 kilometres north of the Western Creek Mineral Resource, where rock sampling has identified a zone of strong hematite with grades to 65.3%Fe, and
- a nearby Channel Iron Deposit ("CID") mesa where the average of Giralia's rock chip samples is 59.8%Fe, with less than 2% Al<sub>2</sub>O<sub>3</sub>



Location of Giralia’s Western Creek Project (red) near BHPBilliton’s Newman operations

**Anthiby Well (Giralia 100%, subject to production royalty)**

The Anthiby Well iron ore channel iron (CID) project is located around 100 kilometres west of Paraburdoo in the Pilbara Region of Western Australia.

Giralia reported an initial JORC Inferred Mineral Resource of **37.6 million tonnes @ 53.6%Fe ( 59.1% CaFe)** within an overall CID deposit of 63.5million tonnes @ 50.5% Fe in the March 2009 quarter at the Anthiby Well deposit. The CID mineralisation occurs on several prominent mesas, from surface to a maximum depth of approximately 40 metres. Better drilling intersections include; **32 metres @ 55.1% Fe** including **24 metres @ 56.0% Fe, 22 metres @ 56.3% Fe, and 18 metres @ 56.2% Fe.**

The Anthiby Well CID resource is well located with respect to infrastructure, around 220 kilometres by road from Onslow port, and directly adjacent to the sealed Paraburdoo to Nanutarra Highway. PQ diamond core drilling completed in the March quarter was designed to produce drill core material for beneficiation testwork to establish whether the lower grade CID mineralisation is amenable to low cost upgrading using screening. Six drill core composites were selected for the testwork program from the two holes drilled;

Hole No	Coordinates		Dip	Depth (m)	Comment
	East	North			
RDMW001	7475810	468850	-90	41.4	0 to 7 metres composite -Upper Low grade (“ULG”)
					7 to 27 metres composite -High Grade (“HG”)
					27 to 39.9 metres composite -Low Grade (“LG”)
RDMW002	7476000	469050	-90	50.0	0 to 7 metres composite -Upper Low grade (“ULG”)
					7 to 24 metres composite -High Grade (“HG”)
					24 to 35 metres composite -Low Grade (“LG”)

The

Samples of the 6 composites were subjected to the following tests:

- Drop tower & mixer conditioning to obtain lump and fines products
- Ore physical tests – Unconfined Compressive Strength [UCS], Core in-situ Density and Crushing Work Index [CWi]
- Lump and fines head assays and moisture determination
- Dry size analysis [assay of fractions] lump and fines

- Wet size analysis [assay of fractions] fines
- Bulk density [compacted and uncompacted] lump and fines
- Lump: Bond Abrasion Index
- Lump: Tumble Index, Abrasion Index, Decrepitation, Reduction Degradation Index and Reducibility Index.

From the PQ diamond core processed, the High Grade (“HG”) composites and the lump fraction of the Upper Low Grade (“ULG”) composite produced grades approaching market acceptance. Products were significantly higher in Al<sub>2</sub>O<sub>3</sub> than those currently marketed by Robe River. Other components such as SiO<sub>2</sub>, P and S were acceptable. Wet screened fines products were only slightly higher grade than the dry screened material, the Upper Low Grade ore again gave the best upgrade.

Table; Combined dry screening results, average of holes RDMW001, 002

SAMPLE		Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%	S%	LOI-1000	wt %
ULG	HEAD	49.82	12.01	6.12	0.031	0.012	8.88	-
HG	HEAD	55.29	5.7	4.5	0.04	0.012	8.81	-
LG	HEAD	51.08	7.47	6.84	0.046	0.01	10.53	-
ULG	LUMP	55.34	5.6	4.96	0.032	0.012	9	51.5
HG	LUMP	55.96	5.19	4.3	0.041	0.012	8.7	54.9
LG	LUMP	51.68	6.82	6.87	0.047	0.01	10.37	50.9
ULG	FINES	44.05	18.71	7.35	0.03	0.013	8.75	48.5
HG	FINES	54.48	6.33	4.73	0.04	0.012	8.96	45.1
LG	FINES	50.49	8.13	6.8	0.045	0.011	10.71	49.1

Selected composite samples were also subjected to Heavy Media/Liquid Separation testwork to assess beneficiation potential of the ore. Some improvement in grade was possible at SG 2.95 but the grade curves for SiO<sub>2</sub> and Al<sub>2</sub>O<sub>3</sub> were very flat between SG 2.95 and 3.3 indicating that the majority of gangue was not liberated.

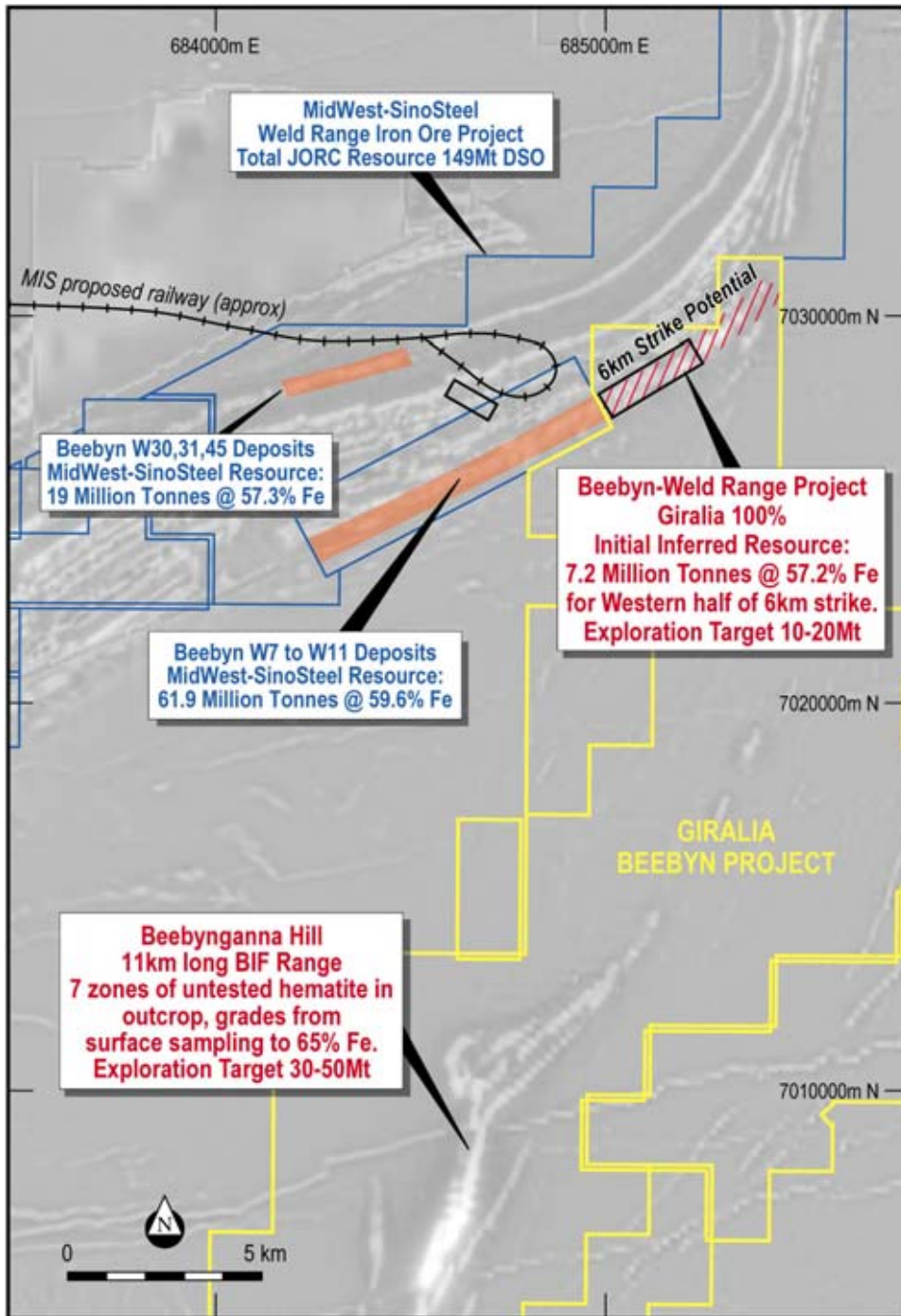
### **Beebyn Iron Ore Project - (Giralia 100%)**

Giralia's 100% owned Beebyn project is located in the emerging MidWest iron ore province of Western Australia. Third party access rail infrastructure is proposed right to Giralia's project, which directly adjoins the Sinosteel Midwest Corporation Weld Range deposits. Two target areas for iron ore are being advanced at Beebyn; a 6 kilometre long segment of the north-eastern Weld Range, with an initial JORC Inferred Resource estimate of **7.2 million tonnes @ 57.2 % Fe** based on shallow drilling to date of around 50% of the strike, and the "Beebynganna Hills" prospect, an 11 kilometre long iron formation range located just south of the Weld Range, where 7 previously untested outcropping zones of hematite have been discovered by Giralia geologists.

An August 2009 RC drilling program returned the best hematite intersections to date at Beebynganna Hills; **28 metres @ 59.1% Fe, and 28 metres @ 58.3%Fe, including 16 metres @ 61.1%Fe**, and confirmed hematite resource extensions on the Weld Range; **18 metres @ 61.3%Fe**.

The Company considers that a substantial magnetite target exists at Beebynganna Hills beneath lenses of high grade hematite mineralisation.

Initial DTR testwork to establish magnetite beneficiation characteristics has returned positive results, with the average grade of all DTR concentrates 67% Fe and 4.5% SiO<sub>2</sub> at 17.5% weight recovery, while for samples below 50 metres downhole depth the average weight recovery was 20.8% with a maximum weight recovery of 37% in the deepest composite tested. The banded iron formation package is over 150 metres wide on the section tested.



*Beebyn Project locations on grey scale aeromagnetic image*

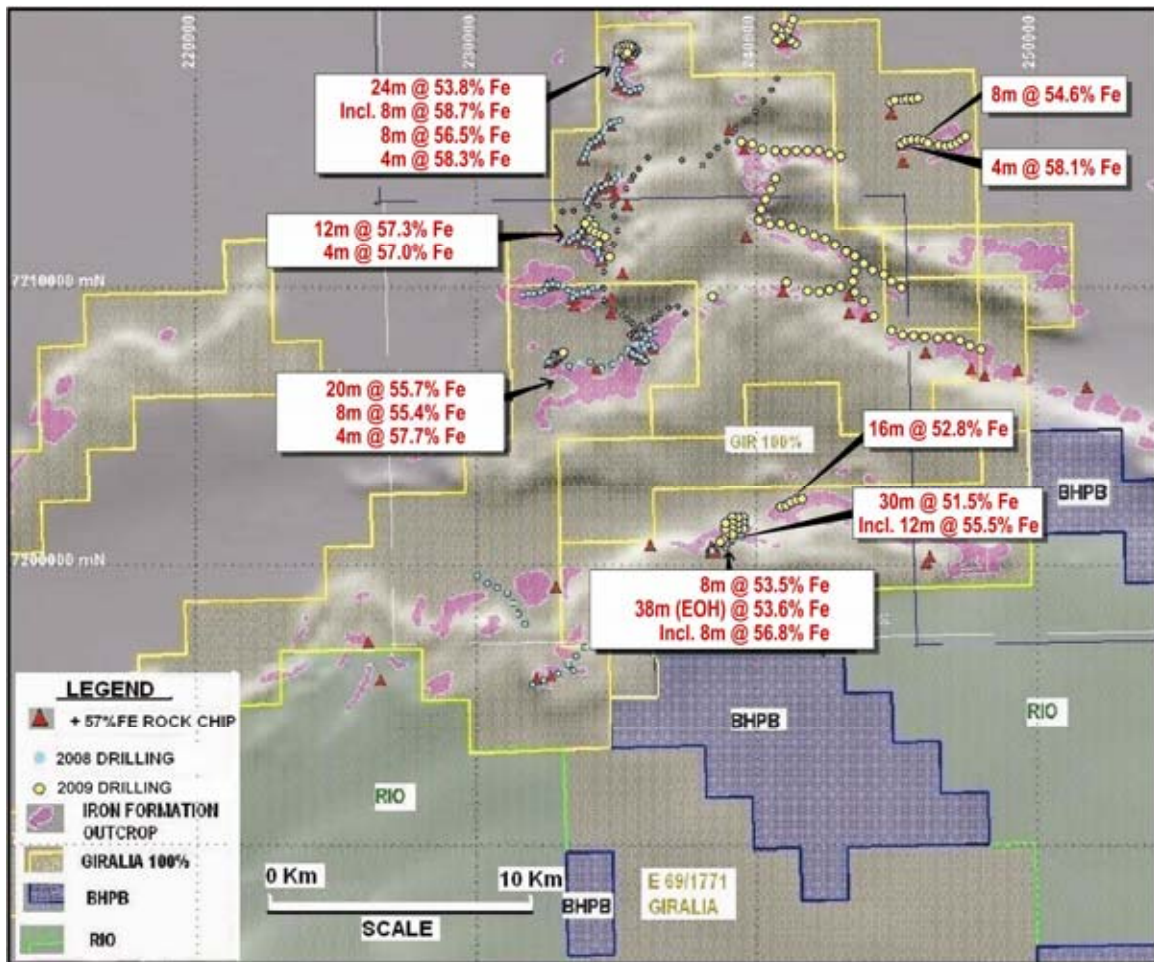
**Earaheedy Iron Ore Project (Giralia 100%)**

Giralia's Earaheedy tenements cover 570 square kilometres, in the Miss Fairbairn Hills area of the northern Earaheedy Basin, 100 km north of Wiluna, and 200 km south of Newman in Western Australia. A small program of shallow drilling in the late 1970s by Amax Exploration (Australia) Inc. returned intersections of 22 metres @ 56.5% Fe including 14 metres @ 59.3% Fe, and 4 metres (to end of hole) @ 60.4% Fe wholly within Giralia's current tenements.

Giralia's mapping and rock sampling has confirmed high-grade outcropping hematite mineralization, and better intersections from Giralia drilling include **20 metres @ 55.7% Fe**, within an overall zone of **40 metres @ 51.6% Fe**, **24 metres @ 53.8% Fe** from surface including **8 metres @ 58.7% Fe**, **12 metres @**

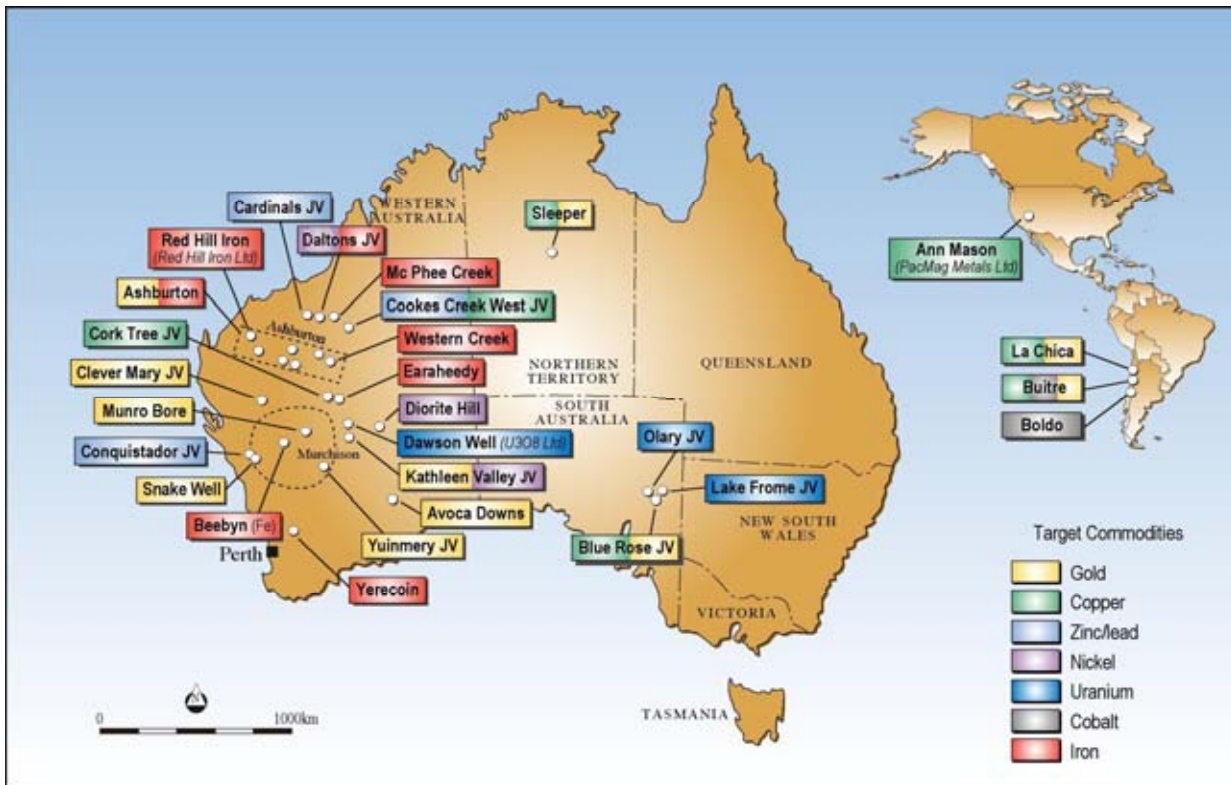
57.3%Fe from surface and 38 metres to end of hole @ 53.6%Fe, including 8 metres @ 56.8%Fe, 40 metres @ 50.4% Fe (open at end of hole), 12 metres @ 55.5% Fe within 30 metres @ 51.5% Fe, and 4 metres @ 58.1% Fe. Mineralisation appears to be occurring as thick, shallowly dipping, open ended sheets of bedded hematitic iron formation and shale as anticipated from surface outcrop mapping and sampling. The results confirm deep penetrative hematite enrichment of the iron formations in the Miss Fairbairn Hills, with many intersections commencing from surface.

Additionally, pisolitic and pelletal hematitic gravels were again noted flanking the hills of hematite outcrop; previous drilling of these detrital gravels in the south west hills reported by Giralia in early 2008 showed large tonnage potential and encouraging results from field screening testwork for beneficiation to DSO grades. Further beneficiation testwork is planned on the gravels, and on the thick low grade bedded hematite zones.



*Earraheedy Project, grey scale aeromagnetics with Giralia tenure (yellow) showing iron formation outcrops (pink) and November 2009 drilling (yellow dots)*

## OTHER PROJECTS



*Location Plan – Giralia Projects*

**Lake Frome Joint Venture (Giralia 25% free carried, Heathgate Resources Pty Ltd 75%)**

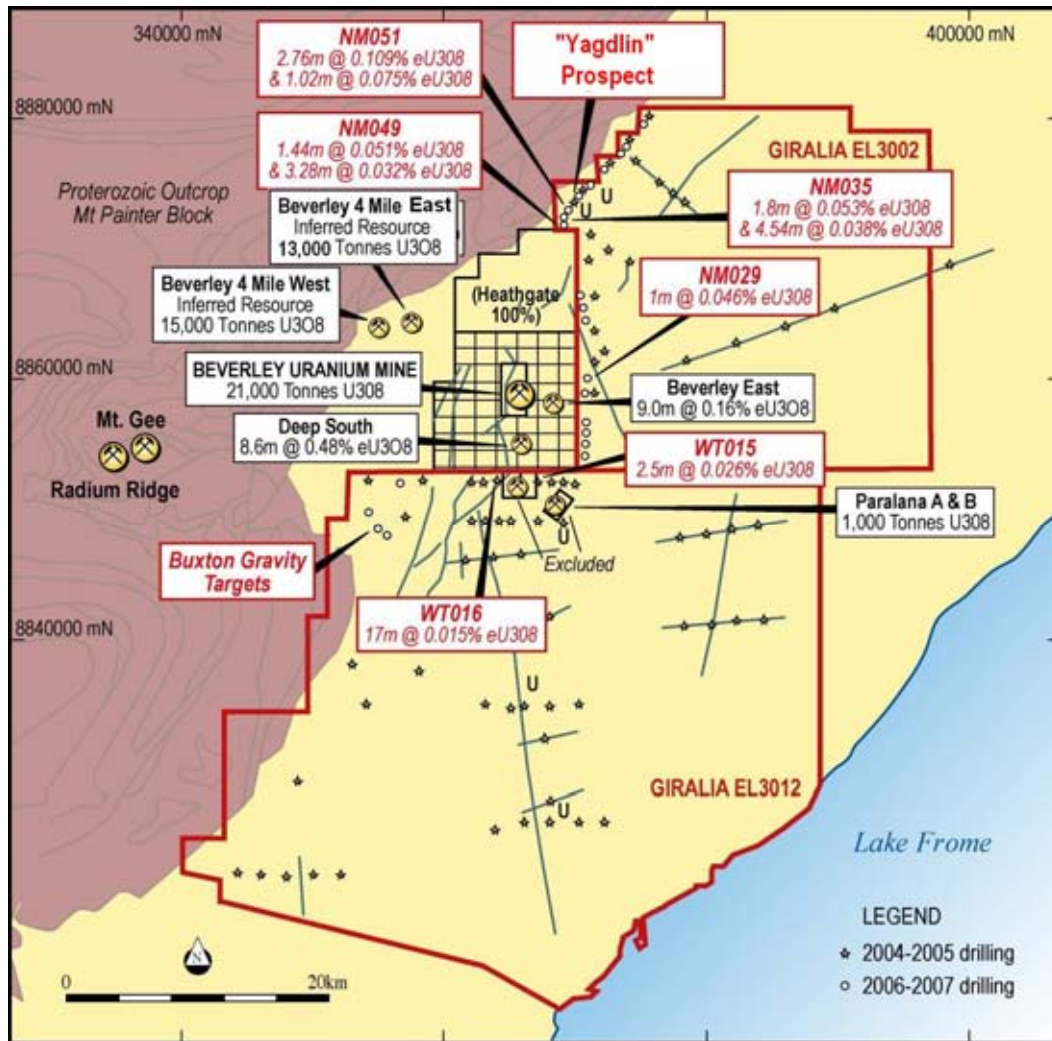
The Company's key Lake Frome Joint Venture is located adjacent to the operating Beverley in-situ leach uranium mine in South Australia, and covers around 45 kilometres of strike of the range front north and south of the new Beverley Four Mile discovery, along with the direct extensions of the Beverley East and Deep South deposits. Heathgate Resources Pty Ltd ("Heathgate"), an affiliate of the US utility General Atomic, manages a joint venture over Giralia's tenements, under which Heathgate can confirm a 75% interest by meeting all expenditure up to a decision to mine, with Giralia free carried at 25%. Heathgate has recently extended its mineral production leases at Beverley to the east and south, to now directly adjoin Giralia's tenements.

On the North Mulga tenement, several previous drill holes have reported significant intersections at the Yadglin prospect including **2.76 metres @ 0.109 % eU<sub>3</sub>O<sub>8</sub>**, **3.76 metres @ 0.038 % eU<sub>3</sub>O<sub>8</sub>**, **1.09 metres @ 0.095 % eU<sub>3</sub>O<sub>8</sub>**, and **0.87 metres @ 0.119 % eU<sub>3</sub>O<sub>8</sub>**.

Heathgate report no field activity during the quarter. A CSAMT geophysical survey is planned for the next quarter.

*"eU<sub>3</sub>O<sub>8</sub>"-refers to the equivalent U<sub>3</sub>O<sub>8</sub> grade as estimated from downhole gamma logging and provides a more representative sample than chemical assays due to a much larger volume of rock being measured. This method is commonly used to estimate uranium grade in drillholes where the radiation contribution from thorium and potassium is believed to be negligible. Compared to chemical assays, gamma logging also offers a vastly superior resolution, increased precision and does not suffer from contamination.*





*Lake Frome JV summary plan*

**Snake Well Gold Project (Giralia 100%)**

The Company's 100% owned Snake Well gold project, located 150 kilometres north-east of Geraldton in Western Australia, has a global resource of 170,000 ounces of gold hosted in near surface laterites and quartz lode/shear zone style deposits in an undeveloped Archaean greenstone belt. Giralia's tenements cover 45 kilometres of strike of three parallel mineralised structures.

The Company continued discussions with Native Title claimants at Snake Well in order to progress the grant of key Mining Leases.

**Snake Well- Conquistador Joint Venture (Zinc Co Australia Limited earning up to 75%)**

The Conquistador Joint Venture has been expanded to cover most of the area of the Company's Snake Well gold project, excluding the mafic hosted Mixy, Calisi, Warren gold lode systems and the Lop and Buckshot laterite deposits. Zinc Co Australia Limited ("Zinc Co") can earn up to 75% interest, with Giralia retaining certain gold exploration rights. The JV area now covers 50 strike kilometres of volcanic rocks in the Tallering Greenstone Belt. These rocks are prospective for high unit value volcanic hosted massive sulphide (VHMS) deposits. The setting is similar to that of the world class Golden Grove VHMS deposits (Gossan Hill, Scuddles) 150 kilometres to the south east.

Diamond drilling has previously intersected mineralisation of VHMS style including; 4 metres @ 8.25% Zn, 20.5 g/t Ag, 0.53% Cu and 0.63% Pb from 88 metres and 6.7 metres @ 6.1% Zn including 2 metres @ 18% Zn from 118 metres at Conquistador, and 1 metre @ 4.90% Zn, 14.0 g/t Ag, 0.51% Cu, 0.90% Pb and 5.63

g/t Au from 154 metres, and 2.1 metres @ 2.34% Zn, 13.5 g/t Ag, 0.69 % Cu, 0.22 % Pb and 1.81 g/t Au from 131.4 metres from A-Zone.

Zinc Co reported no field activity during the quarter.

#### **Paterson Joint Venture – Nifty Area**

##### **(Giralia Resources NL 33.33%, Midas Resources Ltd 33.33%, MPF Exploration Pty Ltd 33.33%)**

Midas Resources Limited, Giralia Resources NL and MPF Exploration Pty Ltd formed the Paterson Joint Venture (*PJV*) in November 2009 and are the applicants for Exploration Licences 45/3498, 3499, 3501-3510, 3540 and 3556. Each company has a one third participating interest in the PJV. The tenements are located in the highly prospective Paterson Province, Western Australia, on strike from the Nifty Copper Mine and in a highly mineralised district that includes the Telfer Gold Mine and the Kintyre Uranium deposit.

Birla Nifty Pty Ltd (*Birla Nifty*), the owner of the Nifty Copper Mine, and the former holder of the expired exploration licences covered by the PJV's applications has objected to all of the applications on various grounds and has also appealed to the Minister for Mines and Petroleum requesting that the Minister exercise his powers under section 111A of the *Mining Act 1978* (WA) and terminate the PJV's applications. Birla Nifty and the PJV have both completed their respective submissions to the Minister and a decision from the Minister is now pending.

The PJV remains confident that it has complied with all of the requirements of the *Mining Act 1978* (WA) in making its applications and the participants have agreed to jointly commit \$750,000 in exploration expenditure in the first 18 months after granting.

#### **Cardinals Joint Venture (Zinc Co earning up to 75%, Giralia retaining nickel rights.)**

The Cardinals project is a joint venture between Zinc Co Australia ("Zinc Co") as manager (earning up to 75%) and Giralia. Giralia retains nickel rights. Cardinals is located 150 kilometres south of Port Hedland in Western Australia's Pilbara region and covers strike extensions to the host rocks of CBH Resources Ltd's Panorama-Sulphur Springs VHMS base metals project located 35 kilometres to the north east.

Shallow 1970's percussion drilling at Cardinals returned an intersection of 10 metres @ 5.9% Zn, 0.94% Cu, 36 g/t Ag (including 2 metres @ 13.2% Zn) just south of a prominent gossan. Zinc Co completed 15 shallow RC drill holes at Cardinals in 2008 with intersections including 5m @ 3.9% Zn, 0.3% Pb, 0.6% Cu, 37 g/t Ag. Two diamond drill holes were completed in the September 2009 quarter to test EM anomalies south of the Cardinals gossan at depth. Best assay results were 1m @ 4.96% Zn, 0.23% Pb, 0.18% Cu, 9 ppm Ag, and 3m @ 2.59% Zn, 0.15% Pb, 0.43% Cu, 25 ppm Ag in a coarse volcanoclastic. The drilling results indicate that the massive sulphide position may have been stopped out by an ultramafic intrusion on the section drilled.

Zinc Co reported no work during the quarter.

#### **Cookes Creek Western Extension JV (Giralia 30% free carried, Hazelwood Resources Ltd 70%)**

Hazelwood Resources Ltd (Hazelwood) is earning a 70% participating interest with Giralia free carried at 30% to decision to mine in a large tenement in the Pilbara region of WA. A major HoistEM geophysical survey outlined a large conductor at the Copper Gorge prospect, and three conductors at Far West along the Cookes Creek ultramafic sequence to the west of Hazelwood's 100% owned Anomaly Hill nickel sulphide deposit. Hazelwood has indicated its intention to conduct drill tests of conductor targets.

#### **Blue Rose–Olary Joint Venture – (Giralia 49% contributing, PacMag Metals Limited 51%)**

The Blue Rose – Olary Joint Venture is located 300 kilometres north-east of Adelaide in South Australia. PacMag Metals Ltd ("PacMag") has earned 51% interest from Giralia in the 1500 square kilometre project. Giralia is contributing to ongoing exploration programs. Several major targets have been defined to date by the JV partners:

- The Blue Rose oxide copper deposit contains intersections such as: 46 metres @ 2.2% copper and 0.8 g/t gold from 11 metres depth, (including 28 metres @ 3.0% copper and 0.8 g/t gold). Beneath the oxide zones, drilling has intersected copper-gold-molybdenum sulphide mineralisation.
- The Netley Hill molybdenum prospect comprises a broad near surface zone of molybdenum mineralisation with drill intersections including 40 metres @ 0.05% molybdenum and 1 g/t silver from 11 metres.
- North of the Blue Rose prospect, limited previous shallow drilling at the Golden Sophia Prospect intersected near surface zones of low-grade gold mineralization including; 60m @ 0.58g/t Au (10 – 70m eoh) incl 6m @ 1.07g/t Au and 2m @ 8.4g/tAu and 30m @ 0.61g/t Au (2 – 32m), incl 5m @ 1.3 g/t Au.
- Magnetite rich units of the Braemar Iron Formation occur within the Blue Rose JV area, along strike from the Razorback Ridge target recently optioned by Royal Resources Limited (some 20km west of the Blue Rose JV tenure).

The JV partners have previously announced the execution of a Mineral Development Agreement (“MDA”) with private group Wasco Mining Pty Ltd (“Wasco”). Under the MDA Wasco will acquire 100% of a 12 km<sup>2</sup> area covering the Blue Rose oxide copper deposit, and the rights to mine and process all mineralisation extracted. The MDA includes a staged refund (subject to standard industry terms and conditions) of historical exploration costs to the Blue Rose joint venture by Wasco totalling \$1.95 million and a 1.5% gross revenue royalty payable to the Blue Rose JV partners on the production of metals mined from the deposit. Wasco’s principals have extensive experience in small to medium scale copper production in Australia as well as direct access to the Chinese copper consumption market.

Discussions continued during the quarter with interested parties in regards to the iron ore potential on the joint venture leases.

**Yuinmery Joint Venture (Giralia 49% diluting, La Mancha Resources Australia Pty Ltd 51%)**

La Mancha Resources Australia Pty Ltd (formerly Mines & Resources Australia Pty Ltd) reports no field work during the quarter.

**Corktree Joint Venture (Giralia 100%, PacMag Metals Limited can earn an initial 51%)**

PacMag Metals Limited reports no field activities during the quarter on the Corktree copper prospect located around 80 kilometres north of Wiluna, and 25 kilometres ESE of Sandfire Resources NL’s Doolgunna copper discovery. The Corktree area has previously been explored by WMC and CRA, whose drilling returned intersections including 24 metres @ 0.22% copper, 16 metres @ 0.26% copper, and 3 metres @ 1.6% copper.

**Kathleen Valley/MtHarris Joint Ventures (Giralia 13.1 -26% diluting)**

Xstrata Nickel (formerly Jubilee Gold Mines NL) operates the Kathleen Valley and Mt Harris joint venture tenements north of the Cosmos nickel mine. Xstrata report that there was no work on the nickel sulphide target at the South Ilias prospect, where Electromagnetic results show a moderate conductor which requires follow up work at an approximate depth of 100m on the east contact of the ultramafic unit.

R M Joyce

30 July 2010

**Director**

**Perth, WA**

*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 information in the report that relates to in-situ Mineral Resources at Mt Webber is based on information compiled by Mr Chris Allen of CSA Global. Mr Chris Allen takes overall responsibility for the Report. 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 Chris Allen consents to the inclusion of such information in this Report in the form and context in which it appears.*

*The information in the report that relates to in-situ Mineral Resources at Western Creek, Yerecoin, McPhee Creek main range and Anthiby Well is based on information compiled by Mr Grant Louw of CSA Global. Grant Louw takes overall responsibility for the Report. 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.*

*The information in this Report that relates to in-situ Mineral Resources at Beebyn and Mc Phee Creek CID is based on information compiled by Malcolm Titley of CSA Global. Malcolm Titley takes overall responsibility for the Report. He is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralization 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). Malcolm Titley consents to the inclusion of such information in this Report in the form and context in which it appears.*

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

*\* 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.*