

QUARTERLY REPORT FOR THE THREE MONTHS ENDING 31 DECEMBER 2010

Giralia Resources NL
ABN 64 009 218 204

ASX code: **GIR**

Activities:

Iron Ore exploration and development

Details (31 Dec '10):

Issued shares: 181.1m
Unlisted options: 1.9m
Mkt Cap (\$4.40): A\$796m
Cash Dec '10: ~A\$54.5m
Investments: A\$19m
Debt: Nil

Major Listed Investments:

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

Zinc Co Australia Limited - zinc
(ASX:ZNC) Giralia ~10.8% stake

Carpentaria Expl. Ltd -NSW, Qld
(ASX:CAP) Giralia ~9.1% stake

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

Hazelwood Resources Ltd -nickel
(ASX:HAZ) Giralia ~ 1.7% stake

Entrée Gold Ltd - copper
(TSX-ETG) Giralia ~ 1.3% 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 13 Dec'10)

Directors/family	13%
BlueGold Cap Mgmt	10.8%
AMCI	9.7%
Coupland Cardiff Asst	4.1%
M&G Invest. Mgmt	3.3%

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CORPORATE

On 21 December 2010 Atlas Iron Limited ("Atlas") [ASX: AGO] and Giralia announced an off-market takeover bid by Atlas for all of the shares in Giralia ("Offer"). Full particulars of the Offer are provided in Atlas' Bidder's Statement (dated 7 January 2011), and Giralia's Target's Statement (dated 20 January 2011) including an independent expert's report which concludes that the Offer is fair and reasonable to Giralia shareholders.

The Offer implies a market capitalisation for Giralia of ~\$828 million based on the 5 day VWAP of Atlas shares to 20 December 2010 of \$3.05 and will create a merged group with a pro-forma market capitalisation of ~\$2.5 billion. Two alternative consideration structures are available for Giralia shareholders:

- 1.5 Atlas shares per Giralia share ("All Scrip Alternative"); or
- 1.33 Atlas Shares and \$0.50 cash per Giralia share ("Scrip and Cash Alternative").

Based on the 5 day VWAP of Atlas shares to 20 December 2010 of \$3.05, the implied offer price of \$4.57 per Giralia share under the All Scrip Alternative represents a compelling premium of:

- 52.9% to the closing price of Giralia shares to 20 December 2010; and
- 53.5% to the 1 month volume weighted average price ("VWAP") of Giralia shares to 20 December 2010.

The Boards of both Atlas and Giralia consider that the combination of the two companies will provide significant strategic and financial benefits to the shareholders of both Atlas and Giralia. The Offer is unanimously recommended by the Giralia Board, in the absence of a Superior Proposal. All of Giralia Directors have accepted Atlas' Offer in respect of all of the shares that they own, representing ~7.5% of Giralia's shares.

EXPLORATION

McPhee Creek Iron ore Project (100%): Resource drilling programs continued. A further increase was announced to the JORC Mineral Resource estimate for the MCPhee Creek main range deposit;

- New MCPhee Creek main range Indicated and Inferred Mineral Resource **260 million tonnes @ 56.2 % Fe** (62.1% CaFe). Total MCPhee Creek project resource now 265.2Mt including nearby CID deposit.

- Significant results were announced from initial holes into the MCPhee West prospect including **100 metres @ 56.7% Fe, 0.03% P**.
- Findings from a Scoping Study on development options were released.

Daltons-Mt Webber Iron Ore Project (75%): Pre-Feasibility environmental, metallurgical and groundwater investigations continued.

Yerecoin Iron Ore Project (100%): Pre-Feasibility metallurgical testwork continued, along with preliminary open pit optimisation work, groundwater and environmental studies. Resource drilling commenced late January 2011.

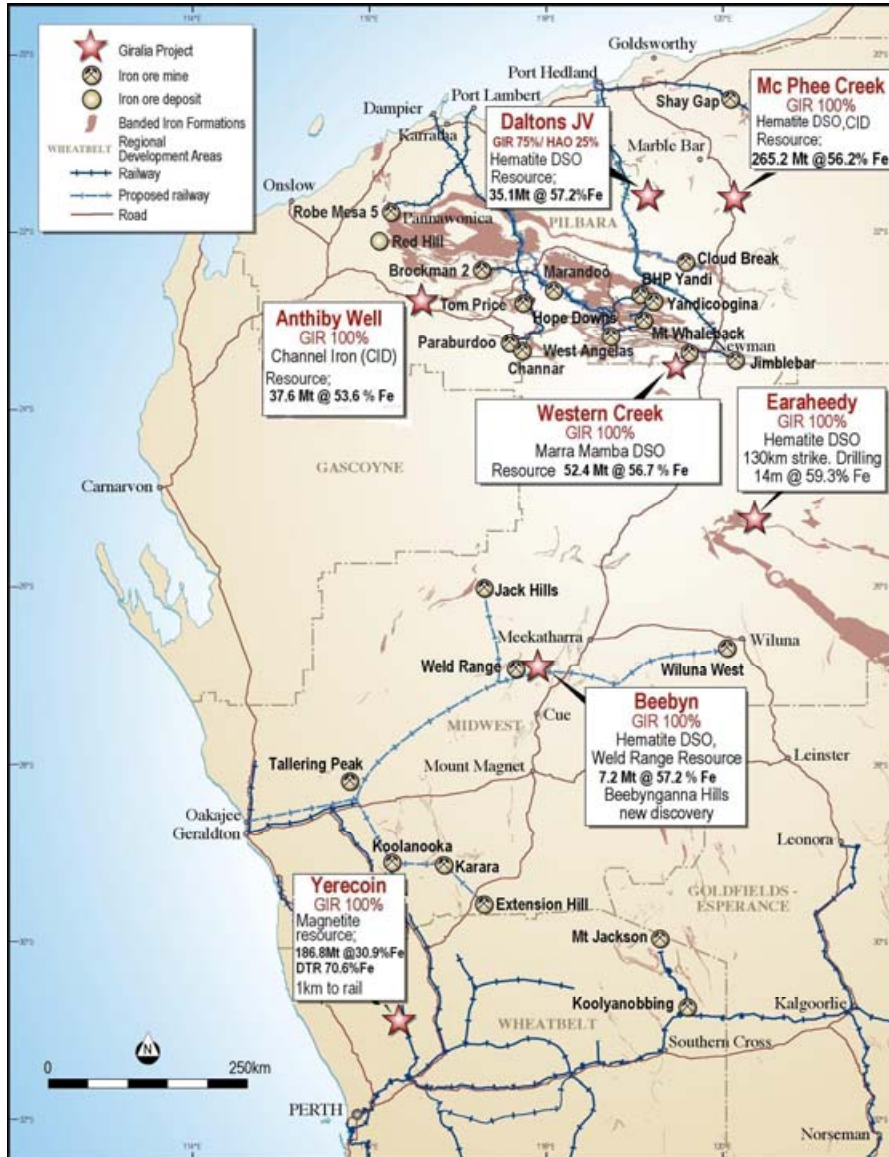


Figure 1; Location of Giralia’s Western Australian iron ore projects

Table 1 : Giralia JORC hematite Iron Ore Mineral Resources

Deposit	Tonnes (Mt)	Grade at Fe > 50%						Resource Category	Deposit Type
		Fe %	P %	SiO ₂ %	Al ₂ O ₃ %	LOI %	^CaFe%		
McPhee Ck (100%) - Main	260	56.2	0.12	6.7	2.3	9.5	62.10	Indicated+Inferred	DSO
McPhee Ck (100%) - CID	5.2	53.6	0.03	7.2	6.1	11.3	60.43	Inferred	CID
Western Creek (100%)	52.4	56.7	0.06	6.2	3.6	8.9	62.24	Inferred	DSO
Daltons-Mt Webber (75%)	35.1	57.2	0.089	7.81	1.5	7.99	62.16	Indicated+Inferred	DSO
Anthiby Well (100%)	37.6	53.6	0.04	7.5	4.8	9.3	59.10	Inferred	CID
Beebyn-Weld Range (100%)	7.2	57.2	0.074	8.36	3.04	5.24	60.36	Inferred	DSO
GRAND TOTAL	397.5	56.1	0.099	6.84	2.7	9.2	61.79	Indicated+Inferred	DSO,CID

^Calcined Iron grade (CaFe) is iron content upon removal of volatiles (i.e. LOI). * Mt Webber tonnage is 100%.

Table 2 : Giralia JORC magnetite Iron Ore Mineral Resources

Deposit	Tonnes (Mt)	Grade at Fe > 15% weight recovery, 20% head assay,						Resource Category	Deposit Type
		Fe %	Wt Rec %	DTR Fe %	DTR SiO ₂ %	DTR Al ₂ O ₃ %	DTR P%		
Yerecoin (100%)	186.8	30.9	32.8	70.1	2.1	0.4	0.004	Inferred	Magnetite

DTR Grind size approximately 95% passing 75 microns.

CORPORATE

On 21 December 2010 Atlas Iron Limited (“Atlas”) [ASX: AGO] and Giralia announced that they had signed a Bid Implementation Agreement (“BIA”) for an off-market takeover bid by Atlas for all of the shares in Giralia (“Offer”).

Full particulars of the Offer are provided in Atlas’ Bidder’s Statement (dated 7 January 2011) and Giralia’s Target’s Statement (dated 20 January 2011) which includes an independent expert’s report concluding that the Offer is fair and reasonable to Giralia shareholders.

The Offer is unanimously recommended by the Giralia Board, in the absence of a Superior Proposal. All of Giralia Directors have accepted Atlas’ Offer in respect of all of the shares that they own, representing approximately 7.5% of Giralia’s shares.

Offer Details

The Offer implies a market capitalisation for Giralia of approximately \$828 million based on the 5 day VWAP of Atlas shares to 20 December 2010 of \$3.05 and will create a merged group with a pro-forma market capitalisation of approximately \$2.5 billion. Two alternative consideration structures are available for Giralia shareholders:

- 1.5 Atlas shares per Giralia share (“All Scrip Alternative”); or
- 1.33 Atlas Shares and \$0.50 cash per Giralia share (“Scrip and Cash Alternative”).

Based on the 5 day VWAP of Atlas shares to 20 December 2010 of \$3.05, the implied offer price of \$4.57 per Giralia share under the All Scrip Alternative represents a compelling premium of:

- 52.9% to the closing price of Giralia shares to 20 December 2010; and
- 53.5% to the 1 month volume weighted average price (“VWAP”) of Giralia shares to 20 December 2010.

The Offer extends to any Giralia shares that are issued as a result of the exercise of Giralia options during the Offer Period. However, Atlas also intends to enter into private treaty arrangements with Giralia optionholders to acquire or cancel their options in exchange for Atlas shares (“Option Offer”).

Offer Rationale and Benefits for Atlas and Giralia Shareholders

The Boards of both Atlas and Giralia consider that the combination of the two companies will provide significant strategic and financial benefits to the shareholders of both Atlas and Giralia.

There are a number of compelling benefits for shareholders of both Atlas and Giralia, including:

- **Complementary Assets.** Atlas’ Mt Webber project (Atlas -70%) and Giralia’s Dalton’s Project (Giralia – 75%) have the potential to be developed together as one ~80Mt deposit. In addition, Giralia’s McPhee Creek has the potential to form part of an expanded 20Mtpa+ Turner River Hub facility.
- **Resource Inventory.** All shareholders will ultimately benefit from a combined 602Mt of DSO resources, additional exploration targets of 255Mt to 690Mt at 56% to 60% Fe, two outstanding Pilbara magnetite projects and a highly prospective 26,000km² Pilbara landholding.
- **Scale of Production.** This transaction provides a cost effective and immediate increase to Atlas’ Resource base to total over 433Mt in the North Pilbara, and from this, Atlas and Giralia believe that the transaction has the potential to increase merged production rates from the North Pilbara to 22Mtpa by 2015, and to substantially increase overall life of operations.
- **Cost Efficiencies.** Combining the two asset portfolios provides the capacity to substantially reduce overall capital and operating costs. In addition, the combined entity would have increased access to funding, enabling it to more readily fund the business in a cost effective manner.

In addition, there are a number of identified benefits for Giralia shareholders:

- **Immediate Cash Flow.** The transaction will give Giralia shareholders exposure to Atlas’ existing iron ore production and a rapidly growing production profile from a number of development

projects, including the Abydos DSO Project and Mt Webber DSO Project, and the Ridley and Balla Balla Magnetite Projects.

- **Atlas Shares are Liquid.** Atlas shares have substantial liquidity and therefore provide Giralia shareholders and optionholders with an asset which is more easily monetised.
- **Access to Infrastructure.** This transaction provides an immediate infrastructure solution to Giralia's promising asset portfolio. Atlas' existing port access arrangements have capacity to provide Giralia's assets with a path to market.
- **Capital Gains Tax ("CGT") Rollover Relief.** Should Atlas acquire 80% or more of Giralia's shares, Giralia shareholders who are Australian tax residents are likely to benefit from CGT rollover relief in relation to the receipt of Atlas shares under the Offer.

Exclusivity Arrangements and Pre-Bid Agreements with Giralia Directors

Atlas and Giralia have agreed exclusivity arrangements in relation to the Offer, under which the parties have agreed that unless the BIA is terminated, Giralia will not solicit any competing proposal or participate in any discussions or negotiations in relation to any competing proposal (unless failure to do so would involve a breach of the fiduciary duties of its Directors).

The BIA also confers a matching right to Atlas, such that Giralia must provide immediate notification of a competing proposal to Atlas, and allow Atlas to counter-offer.

In addition, Atlas has entered into pre-bid acceptance agreements with all Board members of Giralia for all of the shares that they own, representing approximately 7.5% of the Giralia shares on issue, contractually binding them to accept the Offer in respect of all their shares, subject to no Superior Proposal being received by Giralia which is not matched by Atlas. Further particulars of the terms of these agreements were provided by Atlas in a substantial shareholder notice lodged with ASX on 22 December.

Offer Conditions and Indicative Timetable

The Offer is subject to customary conditions, including the following:

- Minimum acceptance condition of 90%;
- No Material Adverse Change in relation to Giralia; and
- Acquisition by Atlas or cancellation of all outstanding options over Giralia shares

The indicative timetable in relation to the Offer is set out below.

Friday 7 January 2011	Atlas lodges Bidder's Statement with ASIC and ASX and serves it on Giralia
Wednesday 12 January 2011	Offer Opens
Thursday 20 January 2011	Giralia lodges its Target's Statement with ASIC and ASX and serves it on Atlas
Monday 24 January 2011	Giralia despatches its Target's Statement to Giralia Shareholders
Monday 14 February 2011	Close of Offer (unless extended)

Other Matters

At 31 December 2010, the Company had a total of approximately \$54.5 million in cash on deposit.

EXPLORATION

IRON ORE PROJECTS

McPhee Creek Iron Ore Project - (Giralia 100%)

On 3 December 2010 Giralia reported another major increase to the JORC reported Mineral Resource at the Company's 100% owned McPhee Creek main range iron ore discovery, located within potential road haulage distance 220 km south-east of Port Hedland in the Pilbara region of Western Australia.

The new Mineral Resource estimate completed by independent geological consultants CSA Global Pty Ltd (CSA) covers results reported to ASX up to 3 November 2010 (up to and including drillhole RCMC403) at the main range deposit at McPhee Creek. The new Indicated and Inferred Mineral Resource at McPhee Creek main range is **260 million tonnes @ 56.2 % Fe**. This represents a 24% increase over the previous estimate of 210 million tonnes announced 9 September 2010, with around 25% of the total resource now in the Indicated category. Additional CID resources of 5.17Mt were previously announced in 2008.

Giralia Resources - Mineral Resource Estimate - McPhee Creek Main Range Deposit as at 1 Dec. 2010								
Deposit Cut-off Grade	Category	Tonnes (Mt)	Fe %	P %	SiO ₂ %	Al ₂ O ₃ %	LOI %	CaFe %
Main Range Total > 50 % Fe	Indicated	65.3	56.3	0.11	6.2	2.6	9.7	62.3
Main Range Total > 50 % Fe	Inferred	194.7	56.2	0.13	6.9	2.2	9.4	62.1
Main Range Total > 50 % Fe	Combined	260	56.2	0.12	6.7	2.3	9.5	62.1

Giralia Resources - Mineral Resource Estimate - McPhee Creek CID Deposit as at 21 July 2008								
Crescent Moon CID > 50%Fe	Inferred	5.17	53.6	0.03	7.2	6.1	11.3	60.4
Total McPhee Creek > 50%Fe	Combined	265.2	56.2	0.12	6.7	2.4	9.5	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, using the following formula: $CaFe = (Fe / (100 - LOI)) * 100$. Differences may occur due to rounding.

On 25 November the Company released the findings of a Scoping Study on development options. Giralia commissioned ProMet Engineers Pty Ltd ("ProMet") to prepare a Scoping Study for its McPhee Creek main range project, targeting a Base Case of the production of direct shipping iron ore ("DSO") at 2 million tonnes per year by open pit mining. The Scoping Study was initiated in early 2010, soon after the definition of the maiden JORC resource of 52.1 million tonnes in December 2009. The start-up mining rate of 2 million tonnes per annum was selected as the Base Case based on public road haulage, with the current 260 million tonne JORC resource clearly able to support significantly higher mining rates.

The Base Case of fully owned and operated mining, crushing, screening and public road haulage yields a **NPV (8%) of A\$345 million** and an **IRR of 47.4%** (ungeared). Operating costs (OPEX) excluding royalties are estimated at **A\$51.88 per tonne FOB**, with capital costs (CAPEX) including the cost of the trucking fleet estimated at **A\$129 million**. CAPEX is reduced to **A\$75.9 million** if contract road haulage is modeled. Financial models used an average iron ore price received of US\$70.18, based on the mean of 5 research analyst's forecasts.

A number of variations on the Base Case mining, processing and transport options were considered, with superior financial model results returned from alternatives incorporating private haul roads linking to 3rd party rail, including the recently declared BHP Billiton Iron Ore Goldsworthy line, located approximately 100 kilometres to the north.

A conceptual alternative of increased production rate of 10mtpa, regarded as more appropriate for the expanding resource, and transport by a new 160 kilometre rail spur to 3rd party rail was also scoped. This scenario returned the best financial model results, with an **NPV(8%) of \$1.6 billion**.

ProMet consider that the project has attractive returns and is viable under a number of different development scenarios. The implementation schedule for the Project indicates that it may be possible to

achieve a first shipment of ore by September 2012. The Company will proceed with further drilling, testwork and environmental studies as part of a Pre-Feasibility Study to confirm these results, and allow selection of the optimum development model.

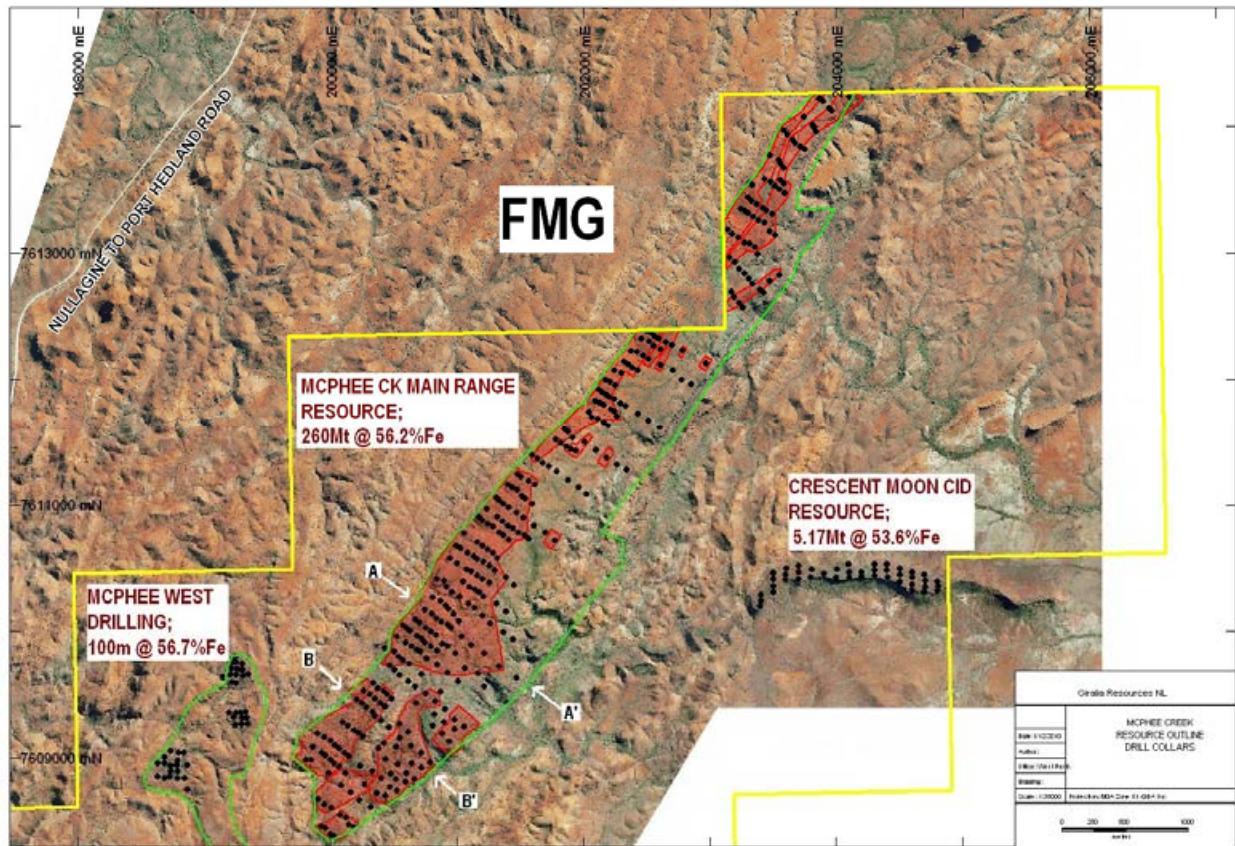


Figure 2; McPhee Creek main range deposit. Current resource outline (red polygons). Holes completed to Dec 2010 (black dots).

Drilling continued at McPhee Creek throughout the December quarter, with 54 RC holes/ 4600 metres, and 10 PQ diamond core holes/952 metres completed. Significant results continued to be generated, which were incorporated in the JORC resource estimate reported to ASX on 3 December 2010, including hole RCMC395 which returned **126 metres (open at end of hole) @ 59.0% Fe**, and the adjacent hole RCMC398; **112 metres (open at end of hole) @ 59.3%Fe** (both shown in cross section in the figure below). These holes and others in the vicinity have shown substantial extensions to known mineralisation in the south east part of the deposit.

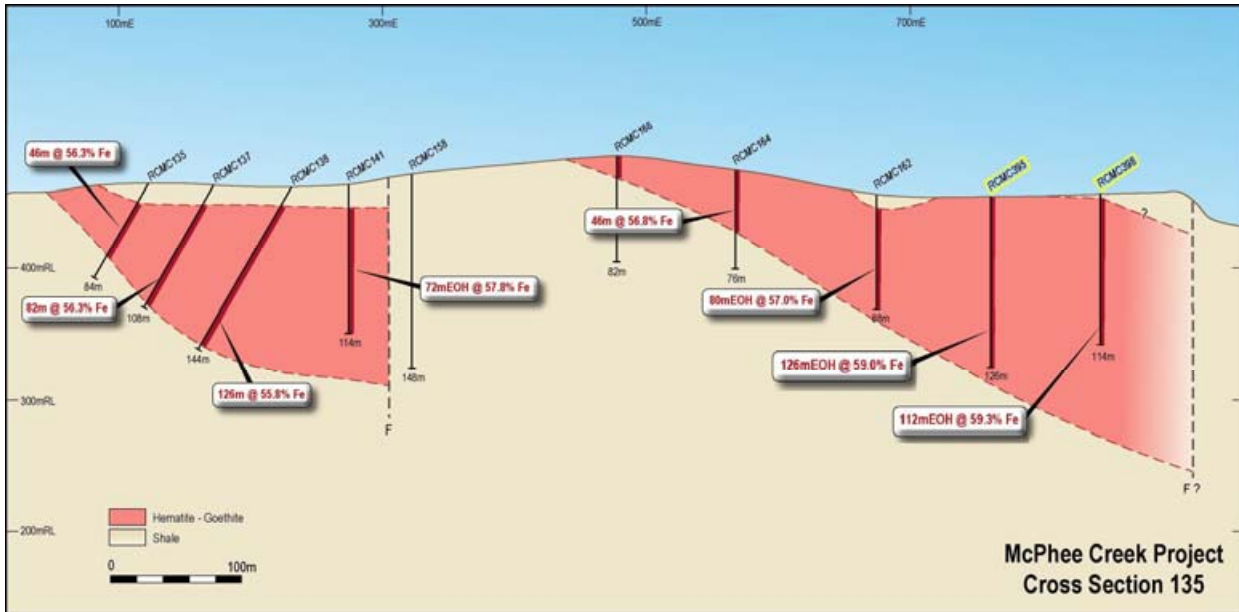


Figure 3; McPhee Creek main range cross section B-B' showing holes RCMC395 and RCMC398 in the south east of the main range, which intersected thick open ended mineralisation 200 metres east of previous holes

Table ; Resource Drilling McPhee Creek main range, results >25m @ >55%Fe

Hole No	Coordinates		Dip /Az	Depth (m)	From (m)	To (m)	Interval (m)	Fe %	CaFe %	P %	SiO2 %	Al2O3 %	LOI %
	East	North											
RCMC339	201032	7609963	90/-	102	16	44	28	56.9	63.0	0.13	5.3	2.5	9.7
				and	68	102	34 (EOH)	58.1	63.4	0.12	6.8	1.3	8.3
RCMC341	201113	7609889	90/-	126	26	126	100 (EOH)	57.0	61.7	0.09	9.3	1.4	7.6
RCMC343	201212	7609827	90/-	192	10	98	88	56.4	61.3	0.15	9.6	0.7	7.9
RCMC350	202515	7612163	90/-	168	8	62	54	53.7	59.1	0.14	10.6	1.8	9.1
RCMC352	203153	7612964	60/300	168	52	104	52	55.8	62.4	0.05	6.9	2.1	10.5
RCMC356	203371	7613388	60/302	126	62	104	42	55.3	60.4	0.07	10.7	1.2	8.3
RCMC358	203418	7613358	60/302	180	44	92	48	56.0	62.7	0.06	5.3	2.9	10.6
RCMC360	203444	7613338	60/302	168	96	132	36	56.6	63.5	0.03	5.9	1.6	10.7
RCMC364	204101	7614237	60/125	138	48	138	90 (EOH)	56.4	62.7	0.10	6.5	1.7	10.1
RCMC365	200920	7610356	60/300	108	28	88	60	58.7	64.3	0.09	4.6	2.4	8.6
RCMC367	200959	7610313	60/300	174	38	86	48	57.7	64.8	0.12	3.6	2.0	10.9
RCMC370	201139	7610191	60/300	150	6	50	44	60.0	65.4	0.09	3.7	1.3	8.3
RCMC371	200806	7610272	60/300	78	32	62	30	55.1	60.6	0.14	8.9	2.3	8.9
RCMC373	200924	7609677	90/-	84	8	68	60	57.6	64.2	0.25	4.8	1.2	10.3
RCMC384	200395	7609435	60/300	132	38	132	94(EOH)	55.9	62.7	0.09	6.0	2.3	10.8
RCMC389	200434	7609407	60/308	114	54	114	60(EOH)	57.7	63.9	0.16	5.3	1.3	9.6
RCMC390	199927	7609046	60/305	90	28	82	54	58.2	63.5	0.10	4.9	2.9	8.4
RCMC392	200270	7608793	90/-	114	16	96	80	56.0	62.1	0.07	7.3	2.2	9.7
RCMC393	200475	7608877	90/-	84	16	48	32	56.9	64.0	0.38	3.7	2.4	11.1
RCMC394	200599	7608885	90/-	102	70	102	32(EOH)	58.2	64.9	0.29	4.1	1.1	10.5
RCMC395	200638	7608959	90/-	126	0	126	126(EOH)	59.0	65.0	0.29	4.3	1.1	9.1
RCMC396	200520	7608833	90/-	126	0	88	88(EOH)	57.1	64.2	0.32	3.6	2.3	11.1
RCMC397	200786	7608969	90/-	84	0	84	84(EOH)	57.4	62.0	0.17	9.6	0.7	7.4
RCMC398	200715	7608926	90/-	114	2	114	112(EOH)	59.3	64.5	0.19	5.7	1.2	8.0
RCMC400	200592	7608812	90/-	141	90	141	51(EOH)	59.4	66.7	0.33	1.9	0.8	11.0
RCMC401	200521	7608745	90/-	156	24	60	36	57.0	63.0	0.16	6.4	2.1	9.5
				and	82	146	64	58.7	66.0	0.26	2.9	1.4	11.1
RCMC403	200433	7608705	90/-	90	16	74	58	54.7	61.3	0.28	5.3	4.0	11.0

Intersections quoted using lower cut-off of 50%Fe. All coordinates in MGA Zone 51 GDA 94, by hand held GPS (± 6m). XRF analyses by Spectrolab Laboratory Geraldton. RC drill samples collected as 2 metre riffle split composites. QA/QC included field duplicate samples and pulverised standards (Certified Reference Material). EOH means iron intersection open at end-of-hole. CaFe is a measure of iron content upon removal of volatiles (i.e. LOI).

On 4 November the Company reported drillholes from the maiden drilling program testing the nearby McPhee West target returning some strong, low phosphorous intersections, including hole RCMC412 which returned 100 metres @ 56.7% Fe, 0.03% P.

Table ; McPhee West RC drilling, results >10m @ >50%Fe

Hole No	Coordinates		Dip /Az	Depth (m)	From (m)	To (m)	Interval (m)	Fe %	CaFe %	P %	SiO2 %	Al2O3 %	LOI %
	East	North											
RCMC404	198865	7608946	-90/-	84	6	24	18	57.0	63.8	0.08	5.4	2.0	10.7
				incl.	8	22	14	58.2	65.1	0.09	4.5	1.6	10.6
RCMC406	198847	7608843	-90/-	60	16	34	18	53.9	59.9	0.04	7.8	3.3	10.0
RCMC407	198788	7608846	-90/-	72	2	56	54	56.3	62.1	0.06	7.3	1.9	9.3
				incl.	10	50	40	58.2	64.3	0.06	5.2	1.2	9.5
RCMC408	198730	7608853	-90/-	66	16	50	34	54.2	59.8	0.05	8.3	2.7	9.4
RCMC409	198687	7608842	-90/-	66	16	26	10	52.9	59.4	0.12	7.8	4.4	10.8
RCMC411	198734	7608895	-90/-	96	20	62	42	55.2	61.8	0.05	6.7	3.2	10.7
				incl.	30	58	28	56.4	63.2	0.06	5.6	2.6	10.8
RCMC412	198790	7608895	-90/-	120	10	110	100	56.7	63.1	0.03	5.6	2.1	10.1
				incl.	14	102	88	57.1	63.5	0.03	5.2	2.1	10.1
RCMC413	198782	7608943	-90/-	114	20	54	34	54.7	60.8	0.04	7.7	2.9	10.1
				incl.	20	38	18	56.3	62.7	0.04	6.0	2.8	10.1
RCMC414	198788	7608982	-90/-	108	44	60	16	53.6	59.5	0.02	11.7	1.4	9.9
RCMC418	198684	7608963	-90/-	84	18	44	26	54.2	60.6	0.05	8.5	2.9	10.5
				incl.	22	38	16	55.4	62.2	0.05	6.4	2.9	10.9
RCMC422	199249	7609264	-90/-	138	8	30	22	55.0	61.8	0.06	6.9	3.1	11.1
				and	68	84	16	54.2	60.9	0.04	9.2	2.3	10.9

Intersections quoted using lower cut-off of 50%Fe. All coordinates in MGA Zone 51 GDA 94, by hand held GPS (± 6m). XRF analyses by Spectrolab Laboratory Geraldton. RC drill samples collected as 2 metre riffle split composites. QA/QC included field duplicate samples and pulverised standards (Certified Reference Material). EOH means iron intersection open at end-of-hole. CaFe is a measure of iron content upon removal of volatiles (i.e. LOI).

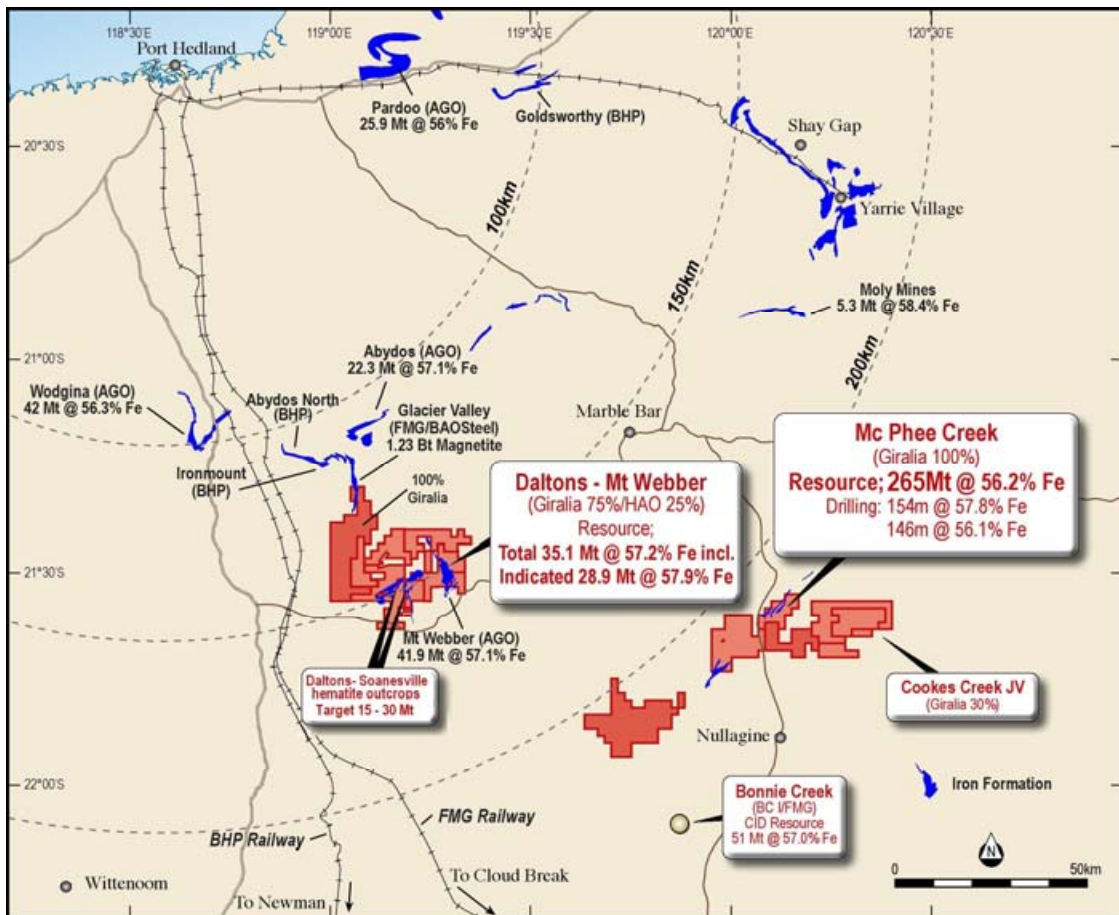


Figure 4; Location plan Daltons JV and McPhee Creek tenements

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. Haoma retains rights to gold/silver and tin/tantalum mineralisation.

The Main Southern Zone, which comprises over 80% of the DSO resource at Daltons-Mt Webber, is a flat lying, tabular hematite-goethite enrichment cap up to 70 metres thick, with mineralisation starting from surface in most holes. The Indicated Mineral Resource for the Main Southern Zone is; **28.9 million tonnes @ 57.9% Fe, 6.69% SiO₂, 1.49% Al₂O₃, 0.097% P and 8.17% LOI (63.05% CaFe)**. Additional Inferred Resources in the Lower Zone and Northern Zone are 6.2 million tonnes. The current **total** Indicated plus Inferred Mineral Resource for the Daltons JV’s Mt Webber deposit is **35.1 million tonnes @ 57.2% Fe, 7.81% SiO₂, 1.5% Al₂O₃, 0.089% P and 7.99% LOI (62.16% CaFe)**.

The Daltons JV’s Mt Webber tenements directly adjoin Atlas Iron Limited/ Altura Mining Limited’s Mt Webber project, for which a revised Mineral Resource estimate of 41.9 million tonnes @ 57.1% Fe (Indicated 21.9 million tonnes @ 57.2% Fe, and Inferred 20.0 million tonnes @ 57.0% Fe) was reported on 1 September 2010.

The Main Southern Zone resource will form the basis for Ore Reserve estimation and detailed mine engineering studies as part of the ongoing Daltons-Mt Webber Pre-Feasibility Study. A high rate of conversion from resource to reserves is anticipated as the deposit will require little waste removal, and is entirely “above ground”. The Daltons JV is aiming to complete mine permitting by early 2011, and is continuing to assess various transport options with a base case of public road haulage to Port Hedland.

Further progress was made during the quarter on Pre-Feasibility Study elements at Daltons–Mt Webber.

Consultants ecologia Environment are undertaking all environmental investigations and environmental impact assessment documentation required through to mining approvals. Detailed environmental studies are well advanced with field flora and fauna surveys effectively complete. A final SRE (Short Range Endemic Invertebrate) report has been received. We are awaiting draft reports for the flora and troglofauna surveys conducted. DNA test-work is being carried out to help identify particular troglofauna species.

Groundwater consultants Aquaterra have completed a 7 hole/537 metres programme of drilling and bore construction at the Daltons-Mt Webber Iron Ore Project in early October 2010 which resulted in the installation of three production bores. Two of the production bores (GWB3 and GWB7) are located near the proposed mining area while the third (GWB12) is located at the proposed mine camp area and in close proximity to the proposed haul road.

Hydraulic testing and analysis indicates that the bores have the capacity to supply in excess of the required water demand of 11.5L/s. Water quality from the three bores is very good.

Soil test-work was conducted on samples (10 in total) collected from various mapped vegetation types on the project and sent to Western Australia’s State chemical laboratory for analyses. Samples were tested for salinity, pH, particle size distribution, phosphorous, nitrate, copper, lead, zinc, iron and carbon/nitrogen ratios.

Native Title negotiations continued through the quarter with respect to a Mining Lease application lodged in late April covering the Mt Webber deposit and environs.

An overall DSO Exploration Target# of 60 to 80 million tonnes @ 56-60% Fe has been established for the Daltons JV tenements, inclusive of the current Mt Webber resource, and including several newly defined smaller hematite zones near Mt Webber and in the Soanesville area.

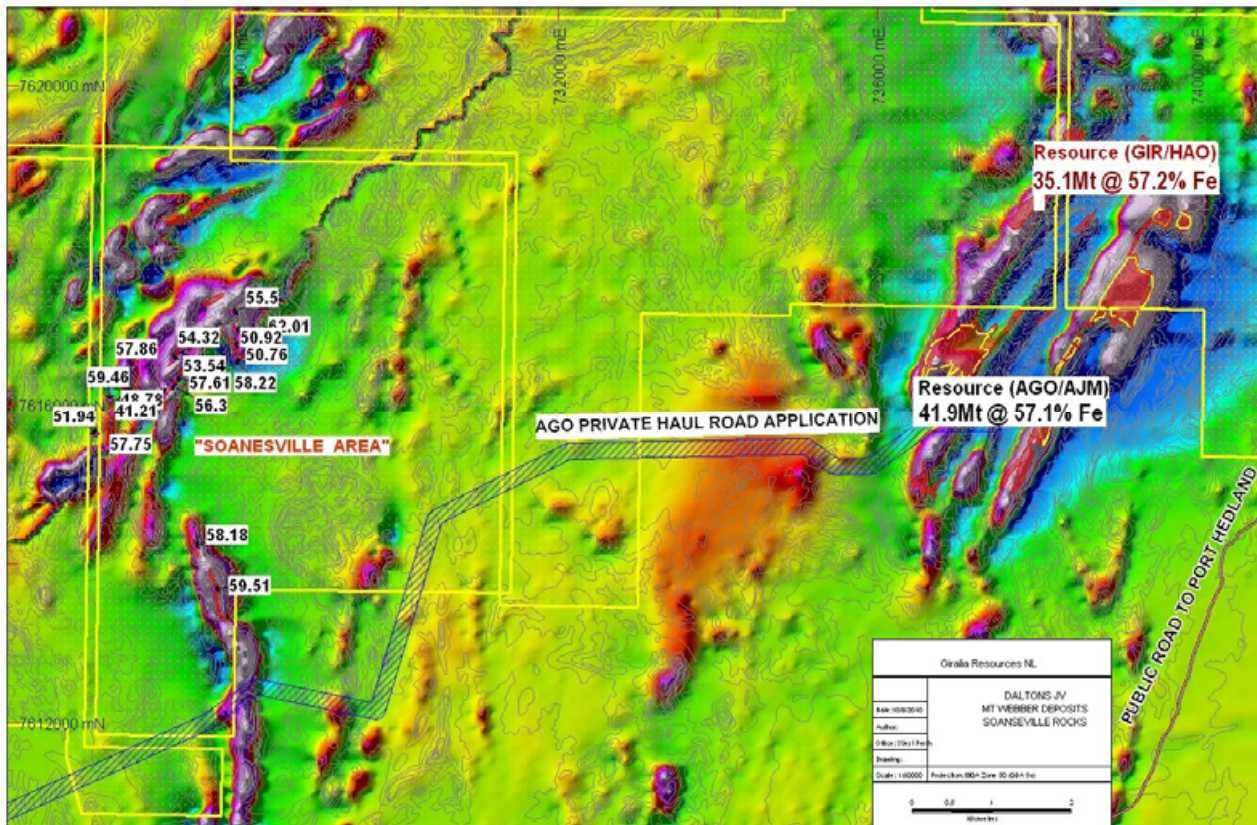


Figure 5; Daltons JV eastern portion aeromagnetic image, showing Mt Webber deposits and new Soanesville area sampling results (Fe %).

Yerecoin Iron Ore Project – (Giralia 100%)

The Company’s 100% owned Yerecoin magnetite project is 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. On 7 July 2010 Giralia reported the maiden JORC Inferred Mineral Resource at Yerecoin of 186.8 million tonnes @ 30.9% Fe (DTR concentrate; 70.1% Fe, 2.1% SiO₂, weight recovery 32.8%).

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 has 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 current resource will equate to in excess of 20 years of production. Additional potential is envisaged in untested magnetic anomalies along strike. The Company applied for and has had granted a tenement adjoining the Yerecoin project to the north, which contains outcropping banded iron formation. An aeromagnetic survey was flown over the new tenement in December.

A program of infill and step out drilling is planned for Yerecoin in the March quarter.

Pre-Feasibility metallurgical testwork is in progress at Ammtec (coordinated by ProMet Engineers) to establish preferred product specifications, along with mining engineering (Coffey Mining), environmental (ecologia Environment) and groundwater (Aquaterra) studies.

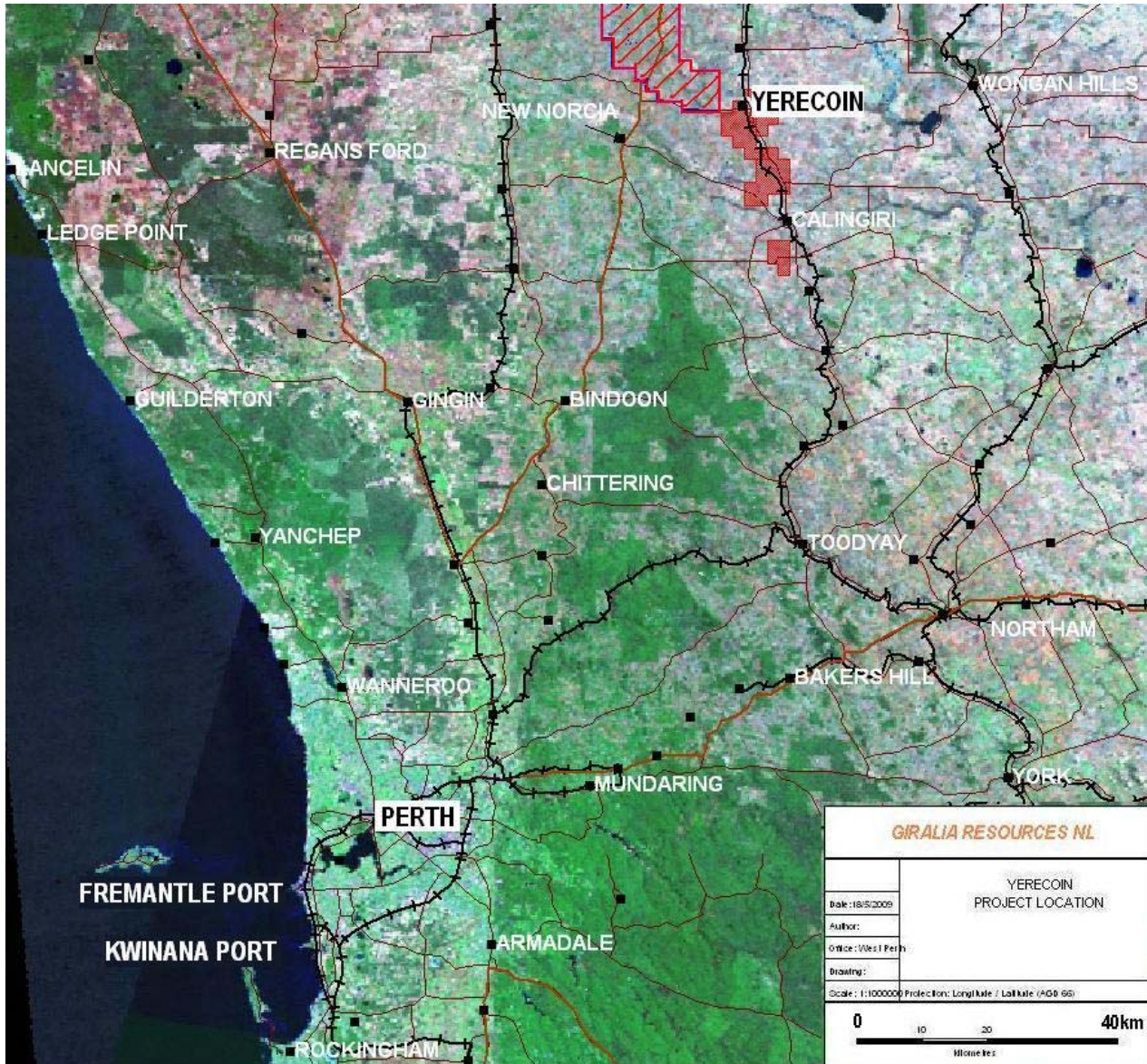


Figure 6; Yerecoin Location Plan showing existing port and rail. New EL hatched area.

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.

Giralia has outlined an Inferred Mineral Resource of **52.4 million tonnes @ 56.7% Fe** as a direct extension of BHP Billiton's adjoining Silver Knight-Golden Flag deposit. This global resource includes a higher grade zone of **32.6 million tonnes @ 58.3% Fe** (at a 56% Fe lower cut-off grade), with the deposit comprising thick zones of near surface Marra Mamba iron ore including; 50 metres @ 58.2% Fe, 50 metres @ 60.4% Fe and 42 metres @ 59.1% Fe.

At the Homestead prospect, located around 10 kilometres north of the Company’s current JORC resource, another area of Marra Mamba Formation outcrop has been mapped, along strike from known Rio Tinto held hematite iron ore deposits along the Music Hall line on the Ophthalmia Range. The Company reported strong results from a follow up RC drilling program at the Homestead Marra Mamba prospect in the September quarter including **42 metres @ 59.1% Fe, 0.06% P, and 2.0% Al₂O₃, 24 metres @ 61.7% Fe, 0.06% P, 1.8% Al₂O₃ and 58 metres @ 57.9% Fe**. The Marra Mamba mineralisation at Homestead has now been traced over around 1.6 kilometres strike. A further drilling program to extend and infill the Marra Mamba mineralisation is planned prior to resource estimation.

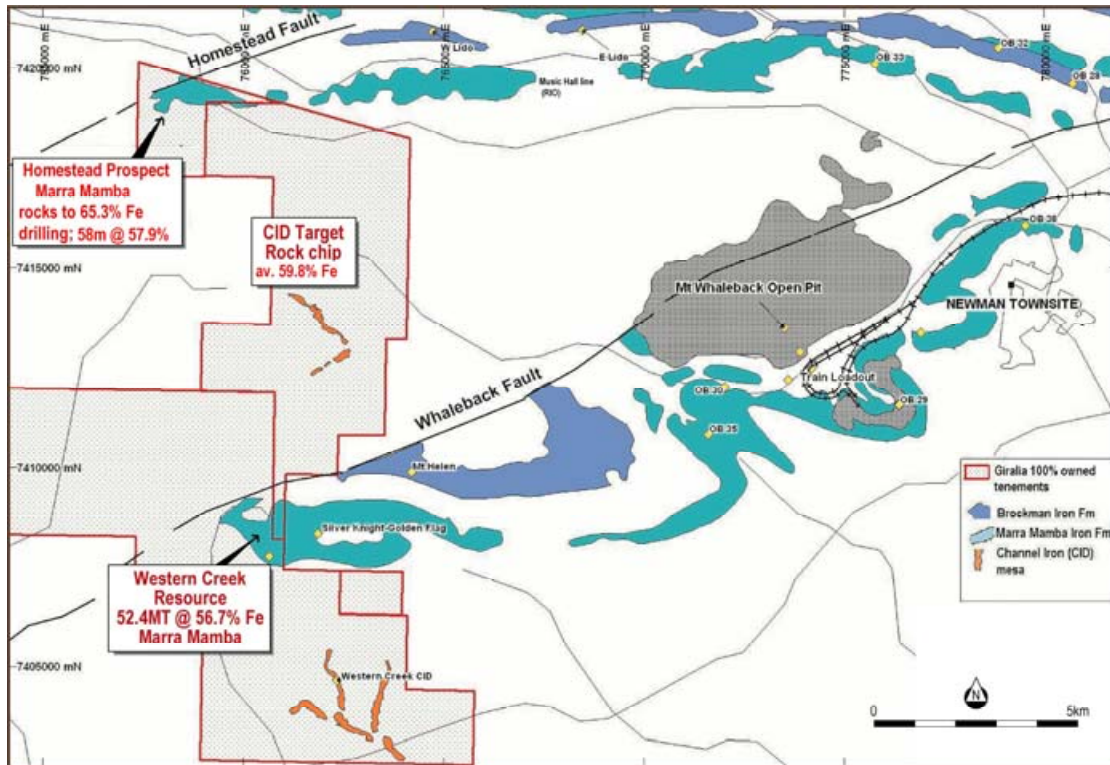


Figure 7; Location of Giralia’s Western Creek Project (red) near BHPBilliton’s Newman operations.

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 has 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 2009 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, and directly adjacent to the sealed Paraburdoo to Nanutarra Highway. Beneficiation testwork on PQ diamond core has established that the High Grade (“HG”) composites and the lump fraction of the Upper Low Grade (“ULG”) composites of the CID mineralisation may be amenable to low-cost upgrading using dry screening, producing Fe grades of around 55-56%Fe, approaching market acceptance, although significantly higher in Al₂O₃ than ore currently marketed by Robe River.

Beebyn Iron Ore Project - (Giralia 100%)

Giralia's 100% owned Beebyn project is located in the 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 RC drilling has returned the hematite intersections including; **28 metres @ 59.1% Fe, and 28 metres @ 58.3%Fe.**

Additionally 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% SiO₂ 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.

A planned 35 hole RC drilling program was partially completed during the December quarter, with 10 RC holes for 1026 metres completed (3 holes/ 216 metres on Weld Range, and 7 holes/ 810 metres at Beebynganna Hills). Due to delays in Native Title clearances the remaining 25 planned holes have not yet been drilled. The best result returned from the program to date is 8 metres @ 57.5% Fe from the Weld Range.

Beebyn-Weld range and Beebynganna Hills drilling results November 2010 (>2 metres @ >50%Fe)

Hole No	Coordinates		Dip/Az	Depth (m)	From (m)	To (m)	Interval (m)	Fe (%)	P (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	LOI
	East MGA94_50	North MGA94_50										
RCB094	585910	7028806	-50/335	66	20	22	2	56.1	0.04	9.1	4.7	4.6
				and	24	26	2	50.8	0.10	15.4	4.4	8.1
RCB095	586021	7028844	-50/330	72	58	66	8	57.5	0.03	11.3	1.1	4.9
RCBH115	580243	7004895	-60/-90	120	22	24	2	51.7	0.03	17.1	5.5	3.6
				and	30	36	6	52.8	0.09	14.0	6.6	4.5

Intersections quoted using lower cut-off of 50%Fe. All coordinates in MGA Zone 50 GDA 94, by hand held GPS (± 6m). XRF analyses by Spectrolab Laboratory Geraldton. RC drill samples collected as 2 metre riffle split composites. QA/QC included field duplicate samples and pulverised standards (Certified Reference Material). EOH means iron intersection open at end-of-hole. CaFe is a measure of iron content upon removal of volatiles (i.e. LOI). Hole prefix RCB means Weld Range, RCBH means Beebynganna Hills.

Earaheedy Iron Ore Project (Giralia 100%)

Giralia's Earraheedy tenements cover 570 square kilometres in the Miss Fairbairn Hills area of the northern Earraheedy 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, which have been tested by 292 RC holes to date by Giralia in 3 drilling programs since 2007. 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.**

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 preliminary 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.

OTHER PROJECTS

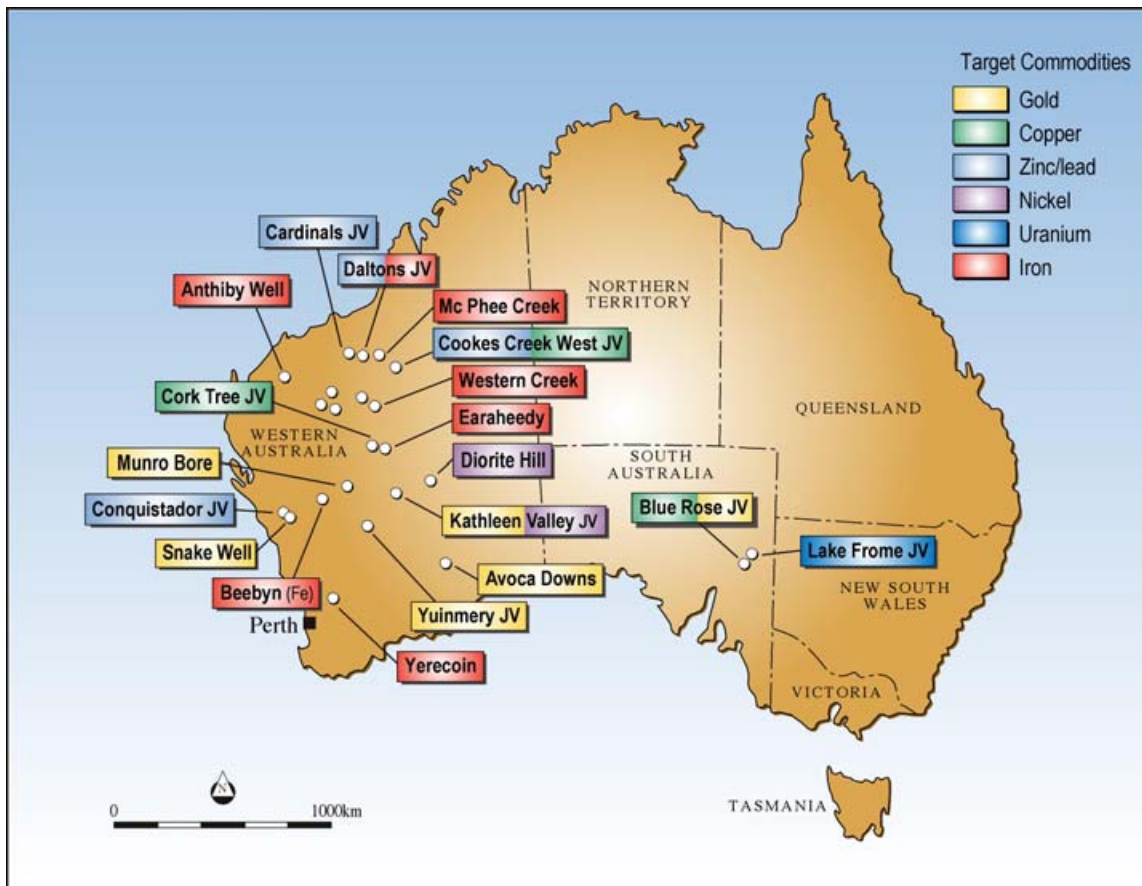


Figure 8; Location Plan – Giralia Projects

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 % eU₃O₈**, **3.76 metres @ 0.038 % eU₃O₈**, **1.09 metres @ 0.095 % eU₃O₈**, and **0.87 metres @ 0.119 % eU₃O₈**.

Heathgate report that a CSAMT geophysical survey (18.57 line kilometres) was completed at North Mulga during the quarter. Native Title clearances are in place for a 30 hole drilling program at North Mulga next quarter. At Wooltana, 15.6 line kilometres of CSAMT and 12 line kilometres of seismic surveying (2400 stations) was completed along with a Native Title heritage Clearance Survey for a further 30 hole drilling program planned for 2011 at Wooltana.

"eU₃O₈"-refers to the equivalent U₃O₈ 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.

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.

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

Snake Well- Conquistador Joint Venture (Zenith Minerals 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. Zenith Minerals Limited (formerly Zinc Co Australia Limited) 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.

Zenith report that 3 lines of RAB drilling were completed in October 2010 as part of a continuing program to obtain information under cover where there are critical gaps in sampling. A total of 34 RAB holes were completed for 1897 metres, testing targets from a 2008 IP/resistivity geophysical survey over 15 strike kilometres of volcanics under cover east of the Conquistador Prospect. The 2008 IP survey extended the Conquistador IP anomaly and defined several other IP anomalies. Zenith had partly tested these anomalies with wide spaced RAB drilling in 2008 but they were not satisfactorily explained.

In the recent RAB program, eleven holes were drilled on line L4 at 50 metre spacing to determine the source of the longest (2.6 kilometres) and most intense of the 2008 IP anomalies. Holes were drilled to refusal in weathered rock.

The holes on line L4 intersected strongly anomalous zinc, copper and gold over a width of 200 metres in weathered mafic and felsic volcanics. The anomalous values occur in gossanous iron oxides after primary sulphides without quartz veining. The strongest response was from hole ZRAB040. 24 metres at the bottom of hole averaged 862 ppm copper and 1412 ppm zinc with maximum values of 1615 ppm copper and 2028 ppm zinc. Lead values were less than 50ppm. Gold values to 0.65 g/t and 0.45 g/t occur in nearby holes.

The RAB drilling results on line L4 indicate the potential discovery of a new VMS system. Permitting is underway to follow up with further RAB drilling to define the extent of the mineralization around L4 and RC drilling for deeper samples in un-weathered rock.

Paterson Joint Venture – Nifty Area (Giralia Resources NL 50%, Midas Resources Ltd 50%)

On December 22 Midas Resources Ltd made an ASX release to inform the market that the Company had received advice from the Director General of Mineral Titles that the Minister for Mines and Petroleum had terminated the Paterson Joint Venture's (PJV) tenement applications in the Nifty area. A copy of the

departmental letter was also released. Although dated 17 December, a copy of the letter was not received by Midas until after the market closed on Tuesday 21 December 2010.

Private company MPF has subsequently given notice of withdrawal from the PJV. At this time the PJV consisting of Midas and Giralia is taking legal advice as to what appeal avenues are available to the PJV. Further information will be released in due course.

Cardinals Joint Venture (Zenith Minerals earning up to 75%, Giralia retaining nickel rights.)

The Cardinals project is a joint venture between Zenith Minerals Limited (formerly Zinc Co Australia) 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. Zenith has 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, and 2 diamond drill holes in 2009 to test EM anomalies south of the Cardinals gossan. 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. Zenith reported no work during the quarter.

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

Hazelwood Resources Ltd (Hazelwood) has confirmed 70% participating interest with Giralia free carried at 30% to decision to mine in a large tenement area in the East Pilbara region of WA.

During the previous quarter Hazelwood completed a diamond drilling program at the Reedies Creek porphyry Cu/Mo prospect, with results including 20 metres @ 0.12% Cu reported. Spot highs for molybdenum (0.12% Mo) and gold (0.25 g/t Au) were recorded, in addition to the copper zones.

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. Two 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, which is open to extension along strike.

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.

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 km² 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.

On 17 September 2010 the Blue Rose JV partners announced the divestment of iron ore rights to Bonython Metals Group Pty. Ltd. ("BMG"), a private Australian resource company. BMG has agreed to purchase 100% of the iron ore rights on the joint venture's Blue Rose exploration property EL3848 in exchange for 6% of BMG's future issued capital. Should BMG convert to a public company by September 25, 2012, BMG will exchange the joint venture's shares in the private company for 6% of the initial public

offering on the day of listing. Should BMG fail to publicly list its shares by that date, it shall, by way of a selective share buy-back, acquire the joint venture's private shares for AUD\$25 million. BMG is understood to have secured an agreement with an Asian based investment group to provide funding to facilitate its iron ore strategy.

Yuinmery Joint Venture (Giralia ~24.2% diluting, La Mancha Resources Australia Pty Ltd ~75.8%)

La Mancha Resources Australia Pty Ltd has granted an option over its JV interest to Empire Resources Limited. Giralia has elected not to exercise its pre-emptive rights. Empire must spend a minimum of A\$150,000 per annum for up to three years while retaining an option to purchase La Mancha's interest for a cash consideration of A\$750,000. A 2% net smelter royalty capped at A\$5,000,000 will be payable by Empire to La Mancha on any minerals produced from the tenements.

During the December quarter Empire drilled 9 RC holes (1620 metres) which tested seven separate geophysical targets within the optioned tenements.

Drilling at the **Constantine** prospect has revealed a rock succession containing up to 15% apatite, a phosphate mineral, and equally abundant magnetite. Pentlandite (nickel sulphide) and chalcopyrite (copper sulphide) and minor iron sulphide minerals are present. The magnetic expression of this unit has been identified over an approximate 13 kilometre strike length. The three holes at Constantine intersected large widths of low grade platinum and palladium mineralization with **36m @ 0.61g/t Pt+Pd** in hole YRC10-15 which included **8m @ 1.09g/t Pt+Pd**. Using a lower cutoff grade of 0.2g/t Pt + Pd, the intersection of mineralization in this hole amounted to **80m @ 0.49g/t Pt + Pd, 0.22% Ni**.

A petrological interpretation of this very unusual rock suite bearing these quantities of apatite and magnetite indicates that it may be derived from Fe-P rich cumulates from an altered metamorphosed layered intrusion or from a rock with carbonatite affinities. Analytical assaying to assess the composition and importance of this rock suite is progressing. The elements being analysed for include uranium, rare earth minerals, phosphate, and barium that may typically be contained in such rocks. There has been no previous exploration of this target and the magnetic anomaly has a high priority for further work in the coming quarter.

Constantine RC Assays

HOLE ID	NORTH	EAST	DEPTH (m)	AZ	DIP	FROM (m)	LENGTH (m)	GRADE g/t Pt+Pd
YRC10-15	6841796	689538	160	90	-50	28	36	0.61
					Incl.	28	8	1.09
						80	28	0.47
YRC10-16	6841802	689683	160	270	-55	4	24	0.4
						48	4	0.34
						60	20	0.30
						112	8	0.42
						128	8	0.34
YRC10-17	6841963	689515	160	90	-55	64	36	0.41
						120	8	0.34
						140	4	0.33

Intersections are an arithmetic average calculated using a 0.3g/t Pt+Pd lower cut-off. No high cut has been applied. Maximum width of any internal dilution within an intersection is 4m @ <0.3g/t Pt+Pd. Assays were done on 4 metre composite samples using a 40gm Fire Assay /ICP-OES for Pt and Pd. Coordinates GDA94 zone 50

Additionally, a new zone of VMS mineralization was encountered on the JV tenements in hole YRC10-18 which tested a geophysical anomaly previously designated as YC4, located south of Empire's Just Dessert deposit. The hole intersected **5m @ 1.03g/t Au** which included **2m @ 0.94%Cu**. The mineralization remains open at depth and along strike.

La Mancha Option RC Assays

HOLE ID	NORTH	EAST	DEPTH (m)	AZ	DIP	FROM (m)	LENGTH (m)	Cu GRADE % Cu	Au GRADE g/t Au	Zn GRADE % Zn
YRC10-14	6840235	686215	180	270	-60	130	5			1.19
						144	1	0.65	0.37	0.15
YRC10-18	6835885	687395	120	270	-65	88	5	0.52	1.03	
YRC10-21	6839020	686200	230	270	-60		NSR			
YRC10-22	6839820	686200	220	270	-65		NSR			
YRC10-23	6840600	686360	210	270	-65		NSR			
YRC10-24	6839820	685850	180	270	-65		NSR			

Intersections are an arithmetic average calculated using a 0.5%Cu lower cut-off. No high cut has been applied. NSV=No significant results. Maximum width of any internal dilution within an intersection is 1m @ <0.5%Cu. Assays were done on 1 metre split samples using a 40gm Fire Assay for gold and mixed acid digest/ICP-OES for copper and zinc. . Coordinates GDA94 zone 50

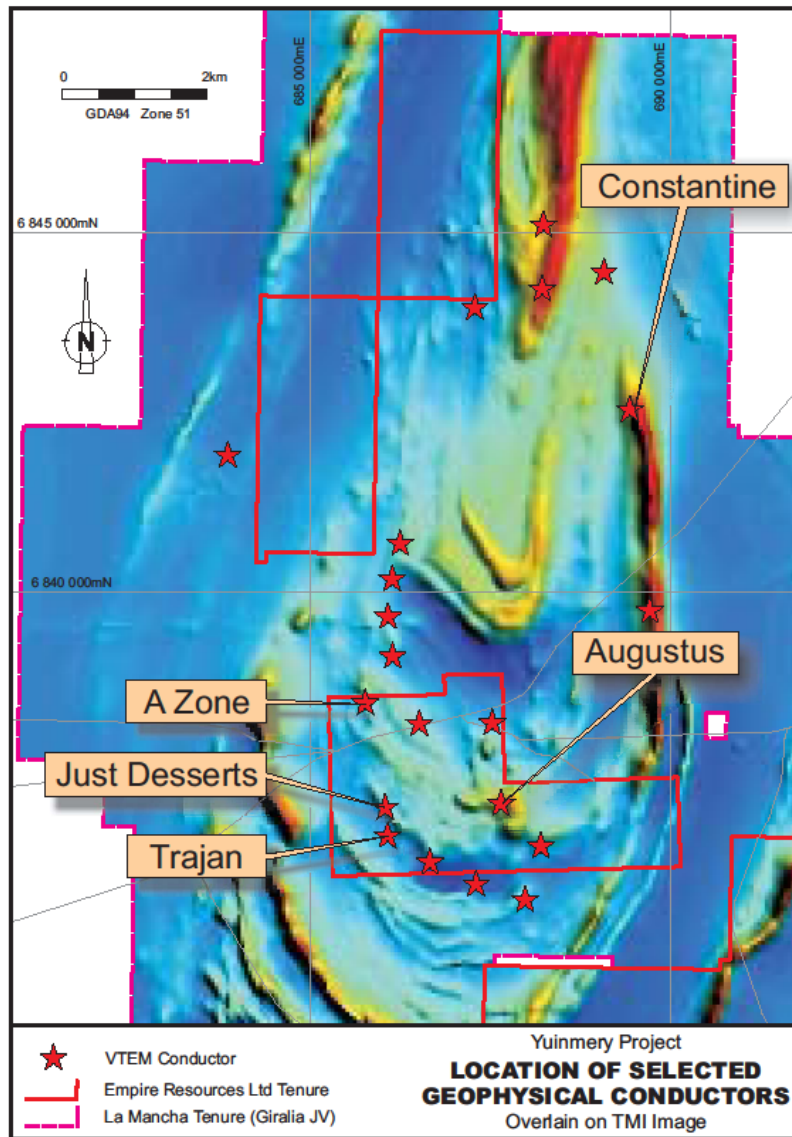


Figure 9; Yuinmery JV aeromagnetic image and prospect locations

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 reports no work during the quarter.

R M Joyce

28 January 2011

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.*