Giralia
RESOURCES NL

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Giralia Resources NL ABN 64 009 218 204

20 January 2011

The Manager
Company Announcements Office
ASX Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000

Dear Sir/Madam

FOR IMMEDIATE RELEASE

Giralia Resources N.L. (ASX: GIR) – takeover bid by Atlas Iron Limited (ASX: AGO) – Target's Statement

In accordance with item 14 of section 633(1) of the *Corporations Act 2001* (Cth), find enclosed a copy of the target's statement of Giralia Resources N.L. (ABN 64 009 218 204) (***Giralia***) dated 20 January 2011 (***Target's Statement***) in response to the off-market takeover bid by Atlas Iron Limited (ABN 63 110 396 168) (***Atlas***) for all the ordinary shares in Giralia.

A copy of the Target's Statement was lodged with the Australian Securities & Investments Commission and served on Atlas earlier today.

Yours faithfully

BA Acutt

Bruce Acutt
Company Secretary
Giralia Resources N.L.

Encl.

Giralia

THIS IS AN IMPORTANT DOCUMENT AND
REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to its contents, you should consult your legal, financial or other professional adviser

Target's Statement

Your Directors unanimously recommend that you

ACCEPT

the Atlas Offer in the absence of a Superior Proposal

This Target's Statement has been issued by Giralia Resources N.L. (ABN 64 009 218 204) in response to the off-market takeover bid made by Atlas Iron Limited (ABN 63 110 396 168) for all of the ordinary shares in Giralia Resources N.L.

FINANCIAL ADVISER

CREDIT SUISSE

LEGAL ADVISER

ALLION LEGAL

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Giralia

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Key dates

Date of Atlas Offer (beginning of the Offer Period)	12 January 2011
Date of this Target's Statement (date lodged with ASIC)	20 January 2011
Close of Offer Period (unless extended or withdrawn)	14 February 2011

Important notices

Nature of this document

This Target's Statement dated 20 January 2011 is given by Giralia Resources N.L. (ABN 64 009 218 204) under Part 6.5 Division 3 of the Corporations Act in response to the offer made by Atlas Iron Limited (ABN 63 110 396 168) for all of the ordinary shares in Giralia pursuant to the bidder's statement issued by Atlas dated 7 January 2011.

Defined terms

A number of defined terms are used in this Target's Statement. These terms are explained in the Glossary in Section 10 of this Target's Statement.

No account of personal circumstances

Your Directors recommend that Giralia Shareholders read this Target's Statement in full. This Target's Statement does not take into account the individual investment objectives, financial or tax situation or particular needs of each Giralia Shareholder. You may wish to seek independent financial and taxation advice before making a decision whether or not to accept the Atlas Offer for your Giralia Shares.

Disclaimer regarding forward looking statements

This Target's Statement contains forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the mining industry as well as general economic conditions and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected. None of Giralia, any of its officers, or any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. You are cautioned not to place undue reliance on those statements.

The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

ASIC and ASX disclaimer

A copy of this Target's Statement has been lodged with ASIC and sent to ASX. None of ASIC, ASX or any of their respective officers takes any responsibility for the content of this Target's Statement.

Atlas information in this Target's Statement

Except where disclosed otherwise, the information on Atlas in this Target's Statement has been obtained by Giralia from the Bidder's Statement and other publicly available information. Giralia and its Directors are unable to verify the accuracy or completeness of the information on Atlas. Accordingly, Giralia does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Foreign jurisdictions

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia and New Zealand may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside of Australia.

Maps, diagrams and rounding

Any diagrams, charts, maps, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Additionally, any numerical information may not add due to rounding.

Privacy

Giralia has collected your information from the Giralia register of shareholders and option holders for the purpose of providing you with this Target's Statement. The type of information Giralia has collected about you includes your name, contact details and information on your shareholding or option holding (as applicable) in Giralia. Without this information, Giralia would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of shareholders and option holders to be held in public registers. Your information may be disclosed on a confidential basis to Giralia's related bodies corporate and external service providers (such as the share registry of Giralia and print and mail service providers) and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by Giralia, please contact the Giralia Shareholder Information Line, details of which are provided below.

Information line and website

Giralia has established the Giralia Shareholder Information Line, which Giralia Shareholders should call if they have any queries in relation to the Atlas Offer. The telephone number for the Giralia Shareholder Information Line is:

- 1800 207 622 (within Australia)
- +61 2 8280 7220 (outside Australia)

and is available Monday to Friday between 9.00am and 5.00pm (Perth time).

Further information relating to the Atlas Offer can be obtained from Giralia's website at www.giralia.com.au and through the ASX website at www.asx.com.au (ASX code: GIR).

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Giralia Resources NL ABN 64 009 218 204

Chairman's Letter

20 January 2011

Dear Giralia Shareholder,

On 21 December 2010, Atlas Iron Limited (*Atlas*) and Giralia Resources N.L. (*Giralia*) announced that they had signed a Bid Implementation Agreement relating to a proposed off-market takeover offer by Atlas for all of the fully paid shares in Giralia (*Giralia Shares*). The formal offer was made in the Bidder's Statement prepared by Atlas dated 7 January 2011 (Atlas Offer). Atlas is offering you a choice of:

- 1.50 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 five day volume weighted average price (*VWAP*) of Atlas Shares to 20 December 2010 (being the last trading day before the announcement of the Atlas Offer), this implies an offer value of $4.57 per Giralia Share for the All Scrip Alternative and $4.55 per Giralia Share for the Scrip and Cash Alternative.

You should recently have received the Bidder's Statement from Atlas setting out the detailed terms of the Atlas Offer. A copy of the Bidder's Statement is also available on Giralia's website at www.giralia.com.au and through the ASX website at www.asx.com.au (ASX code: GIR).

This Target's Statement sets out your Directors' formal response to the Atlas Offer. Your Directors unanimously recommend that you ACCEPT the Atlas Offer in the absence of a Superior Proposal. Each of your Directors has accepted the Atlas Offer in respect of all Giralia Shares they own or control.

The key reasons why your Directors recommend you ACCEPT the Atlas Offer in the absence of a Superior Proposal include the following:

1. The Atlas Offer represents a significant premium to the past trading performance of Giralia Shares. Based on historical trading of Giralia Shares up to 20 December 2010 (being the last day of trading immediately preceding the Announcement Date), the All Scrip Alternative represents a premium of:
   - 52.9% to the last traded price of Giralia Shares on ASX prior to the Announcement Date;
   - 53.5% to the 1 month VWAP of Giralia Shares on ASX prior to the Announcement Date; and
   - 57.4% to the 3 month VWAP of Giralia Shares on ASX prior to the Announcement Date.
2. The Independent Expert has concluded that the Atlas Offer is fair and reasonable to Giralia Shareholders.
3. The Atlas Offer combines the complementary asset profiles of Atlas and Giralia, and provides port access to support the development of Giralia's strong resource position.
4. The predominately scrip-based consideration provides Giralia Shareholders with continued exposure to the Merged Entity, and the benefits associated with being a shareholder in a larger and more liquid company with enhanced access to capital.
5. You may be eligible for Australian capital gains tax rollover relief.
6. There may be adverse consequences associated with not accepting the Atlas Offer.

A full discussion of the reasons for your Directors' recommendation (see Section 1 of this Target's Statement), as well as other matters that may be relevant to your decision whether to accept the Atlas Offer, is set out in this Target's Statement. I encourage you to read this Target's Statement in its entirety (including the Independent Expert's Report), the Bidder's Statement and, if required, obtain advice from your broker, financial adviser or other professional adviser.

The Atlas Offer is scheduled to close at 5.00pm Perth time on 14 February 2011 (unless extended). To accept the Atlas Offer (and elect whether to receive the All Scrip Alternative, the Scrip and Cash Alternative, or a combination of the two), follow the instructions outlined in Section 11.7 of the Bidder's Statement and printed on the acceptance form that accompanied the Bidder's Statement.

Your Directors will keep you informed of any further developments in relation to the Atlas Offer. If you have any questions, please call the Giralia Shareholder Information Line on 1800 207 622 (inside Australia) or +61 2 8280 7220 (outside Australia) between 9.00am and 5.00pm (Perth time) Monday to Friday.

Yours sincerely,

Graham Riley
Chairman
Giralia Resources N.L.

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What to do

YOUR DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU
ACCEPT THE ATLAS OFFER
in the absence of a Superior Proposal

TO ACCEPT THE ATLAS OFFER, FOLLOW THE INSTRUCTIONS IN SECTION 11.7 OF THE BIDDER'S STATEMENT

You should:

1	Read this Target's Statement (including the contents of the Independent Expert's Report) and the Bidder's Statement
2	Consider the choices available to you (as outlined in Section 4 of this Target's Statement)
3	Consult your investment, financial, taxation or other professional adviser if in doubt about what to do and as to the effect of accepting the Atlas Offer
4	If you have any questions, call the Giralia Shareholder Information Line on ■ 1800 207 622 (within Australia) ■ +61 2 8280 7220 (outside Australia) which is available Monday to Friday between 9.00am and 5.00pm (Perth time)

To validly accept the Atlas Offer, your acceptance must be received before 5.00pm (Perth time) on 14 February 2011, unless the Offer Period is extended

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1. Key reasons to accept the Atlas Offer

This section summarises the key reasons why your Directors have unanimously recommended that Giralia Shareholders accept the Atlas Offer in the absence of a Superior Proposal. It should be read in conjunction with the remainder of the Target's Statement (including the Independent Expert's Report), the Bidder's Statement, and Giralia Shareholders should consult with their legal, financial or other professional advisers if necessary.

Key reasons to accept

1. The Atlas Offer represents a significant premium to recent market prices for Giralia Shares
2. Your Directors have unanimously recommended the Atlas Offer in the absence of a Superior Proposal
3. The Independent Expert has concluded that the Atlas Offer is fair and reasonable
4. The combination of Atlas and Giralia would create an independent iron ore company that would be well placed to enhance the value of Giralia's portfolio of projects
5. The predominately scrip-based consideration provides Giralia Shareholders with continued exposure to the Merged Entity, and the benefits associated with being a shareholder in a larger and more liquid company with enhanced access to capital
6. You may be eligible for Australian capital gains tax rollover relief
7. There may be adverse consequences associated with not accepting the Atlas Offer

1.1. The Atlas Offer represents a significant premium to recent market prices for Giralia Shares

The consideration for each of your Giralia Shares under the Atlas Offer comprises either:

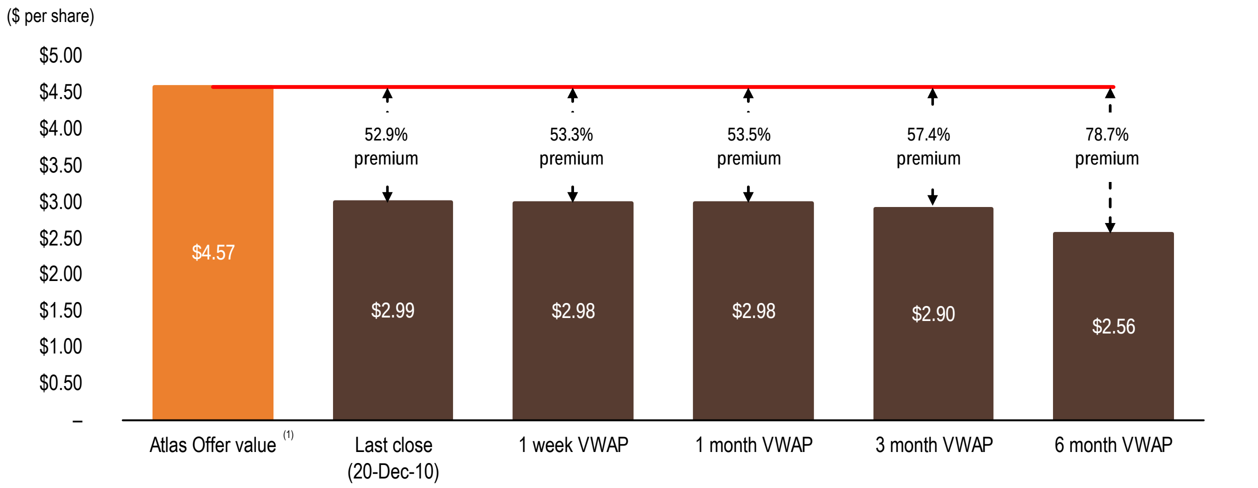
- 1.50 Atlas Shares per Giralia Share; or
- 1.33 Atlas Shares and $0.50 cash per Giralia Share.

Based on the five day VWAP of Atlas Shares to 20 December 2010 (being the last trading day prior to the Announcement Date) 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 $2.99 per Giralia Share on 20 December 2010;
- 53.5% to the one month VWAP of $2.98 per Giralia Share up to and including 20 December 2010; and
- 57.4% to the three month VWAP of $2.90 per Giralia Share up to and including 20 December 2010.

The graph below illustrates the premium being offered by Atlas under the All Scrip Alternative relative to Giralia's trading prices on the ASX prior to the Announcement Date.

Premiums to various historical Giralia trading prices – All Scrip Alternative



Note: Giralia share price information and VWAP calculations based on relevant period ending 20 December 2010.
(1) Calculated based on the implied offer value of the All Scrip Alternative, using Atlas' five day VWAP to 20 December 2010.

In addition, the implied offer value of the All Scrip Alternative, using the five day VWAP of Atlas Shares to 20 December 2010, under the Atlas Offer is higher than any price received for Giralia Shares at any time in its history since listing in 1987.

The actual value of the Atlas Offer will vary depending on the price of the Atlas Shares during the Offer Period and when the Atlas Shares are issued to you if you accept the Atlas Offer.

1.2. Your Directors have unanimously recommended the Atlas Offer in the absence of a Superior Proposal

Your Directors have carefully considered the Atlas Offer and believe the combination with Atlas to be the best option available to Giralia and its shareholders. Your Directors unanimously recommend that Giralia Shareholders accept the Atlas Offer in the absence of a Superior Proposal.

In order to facilitate the Atlas Offer being made available to Giralia Shareholders, each of your Directors entered into an Acceptance and Option Deed with respect to their personal shareholdings in Giralia. In accordance with these Acceptance and Option Deeds, each of your Directors has accepted the Atlas Offer in respect of all Giralia Shares they own or control, representing (in aggregate) approximately 7.5% of the current issued capital of Giralia.

Your Directors' recommendation is subject to the absence of a Superior Proposal. As at the date of this Target's Statement, no competing or Superior Proposal had been received by the Giralia Board or is currently under consideration by the Giralia Board. Your Directors are also not aware of any other offer or proposal which might be made as an alternative to the Atlas Offer. Should such a proposal arise, your Directors will reconsider their recommendation and inform you accordingly.

1.3. The Independent Expert has concluded the Atlas Offer is fair and reasonable

Your Directors appointed PricewaterhouseCoopers Securities Ltd (*PricewaterhouseCoopers Securities*), the Independent Expert, to prepare an independent assessment of the Atlas Offer. The Independent Expert has concluded that the Atlas Offer is FAIR AND REASONABLE to Giralia Shareholders.

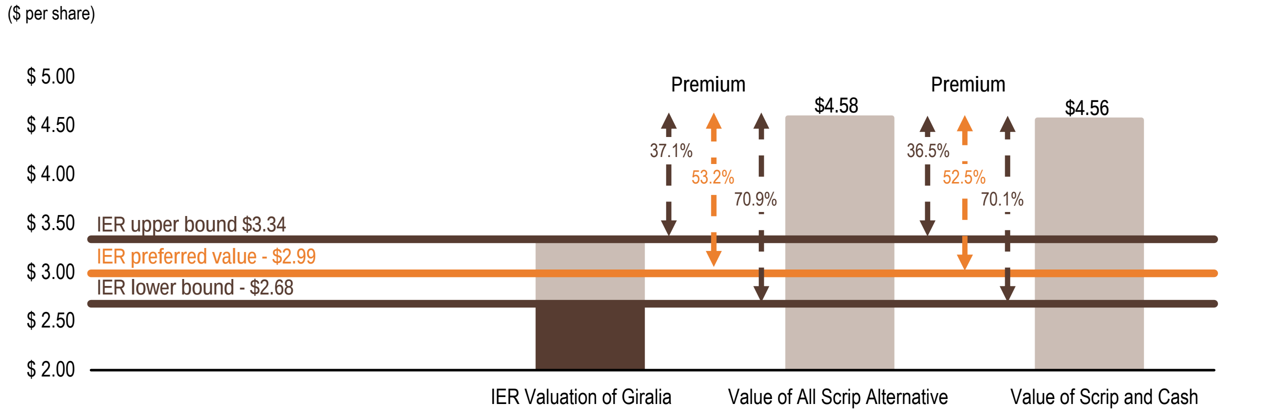
The Atlas Offer is fair

The Independent Expert has assessed the fair market value of Giralia Shares on a controlling interest basis to be in the range of $2.68 to $3.34 per Giralia Share, with a preferred value of $2.99 per Giralia Share.

The Independent Expert has assessed the fair market value of the Atlas Offer as:

- All Scrip Alternative: $4.58 per Giralia Share; and
- Scrip and Cash Alternative: $4.56 per Giralia Share.

Atlas Offer consideration and Independent Expert Valuation range



Source: PricewaterhouseCoopers Securities.

On the basis that the assessed value of the consideration being offered under the Atlas Offer is above the Independent Expert's valuation range for a Giralia Share on a controlling interest basis, the Independent Expert has concluded that the Atlas Offer is fair.

The Atlas Offer is reasonable

The Independent Expert has concluded that the Atlas Offer is reasonable on the basis that it is fair, and also for the following reasons:

- the Atlas Offer is at a premium to the prices for Giralia Shares before the announcement of the Atlas Offer;
- a shareholding interest in the Merged Entity post transaction has a reduced level of risk and uncertainty relative to a shareholding in Giralia on a standalone basis;
- there are significant potential synergies available from combining the Giralia and Atlas businesses, which Giralia Shareholders would participate in through the scrip consideration offered under the Atlas Offer;
- Atlas Shares have a greater level of liquidity and institutional coverage than Giralia Shares and the increased size of the Merged Entity would be likely to attract even greater institutional coverage;
- the price of Giralia Shares is likely to fall in the event that the Atlas Offer is not successful and there is no alternative proposal or speculation concerning an alternative proposal; and
- as at the date of the Independent Expert's Report, no alternative proposal had been received by the Giralia Board.

Your Directors believe the Independent Expert's conclusions support the view that the Atlas Offer represents attractive value for Giralia Shareholders. The above summary of the key conclusions and opinion of the Independent Expert should be read in conjunction with the Independent Expert's Report, which is contained in Annexure A to this Target's Statement.

1.4. Creation of an independent iron ore company that would be well placed to enhance the value of Giralia's portfolio of projects

The combination of Atlas and Giralia would create a substantial independent iron ore company in terms of market capitalisation, production, embedded growth potential and resources. By accepting the Atlas Offer, Giralia Shareholders would become shareholders in Atlas, thereby providing exposure to both Atlas' portfolio of assets and Giralia's existing assets. Your Directors consider the strategic and financial benefits of the Merged Entity (including as outlined below) are attractive for Giralia Shareholders.

Access to infrastructure

Whilst Giralia has a strong resource position and an attractive portfolio of development projects, it does not yet have a defined infrastructure solution to facilitate product sales into the export market. Atlas' existing port access arrangements have the capacity to provide Giralia's assets with a path to market.

Atlas has outlined in its Bidder's Statement that it currently has 6Mtpa of allocated port capacity at the Utah Point port facility at Port Hedland, increasing to up to 15Mtpa by 2015. Atlas is also a foundation participant in the North West Iron Ore Alliance, which, Atlas has stated in its Bidder's Statement, is in the process of completing a definitive feasibility study on developing port and stockpiling facilities at South West Creek, located in Port Hedland's inner harbour. The proposed South West Creek port facility has the potential to add further port capacity for Atlas.

In addition, Atlas states in its Bidder's Statement that it is working towards the development of its Turner River Hub (*TRH*) facility which is intended to provide a centralised processing and haulage point to allow the blending and processing of ore from three of Atlas' North Pilbara projects. The establishment of the TRH facility would be expected to support the cost effective development of the Daltons and McPhee Creek projects.

Exposure to an attractive suite of assets with a strong growth profile

The Merged Entity will have a diversified and balanced portfolio of iron ore assets comprising cash flow producing assets, near term development projects and longer term exploration options including:

- Two DSO production assets: Atlas is currently exporting at an approximate annualised rate of 6Mtpa from its 100% owned Pardoo and Wodgina iron ore projects in the Pilbara region of Western Australia;
- Strong production growth profile: Atlas has stated in its Bidder's Statement that it expects DSO production volumes to increase to 12Mtpa by the end of 2012[(1)].
- Four major DSO development projects: Atlas is progressing development at its Mt Webber and Abydos DSO Projects with production expected to commence by the end of 2012, whilst the proposed acquisition of Giralia by Atlas is expected by Atlas to facilitate the development of the Daltons and McPhee Creek DSO projects (see the "Reasons Why You Should Accept Atlas' Offer" section of the Bidder's Statement);
- Three magnetite development assets: The Merged Entity will hold three advanced magnetite projects, namely Atlas' Balla Balla and Ridley projects in the Pilbara and Giralia's Yerecoin magnetite project;
- Significant Resource inventory: The Merged Entity will have a large DSO Mineral Resource position in the Pilbara, comprising 602Mt[(2)] of DSO Mineral Resources; and
- Exploration potential: The Merged Entity will have a highly prospective 26,000km^2 Pilbara landholding providing further exploration upside.

[1] Atlas qualifies this figure in its Bidder's Statement by stating as follows:

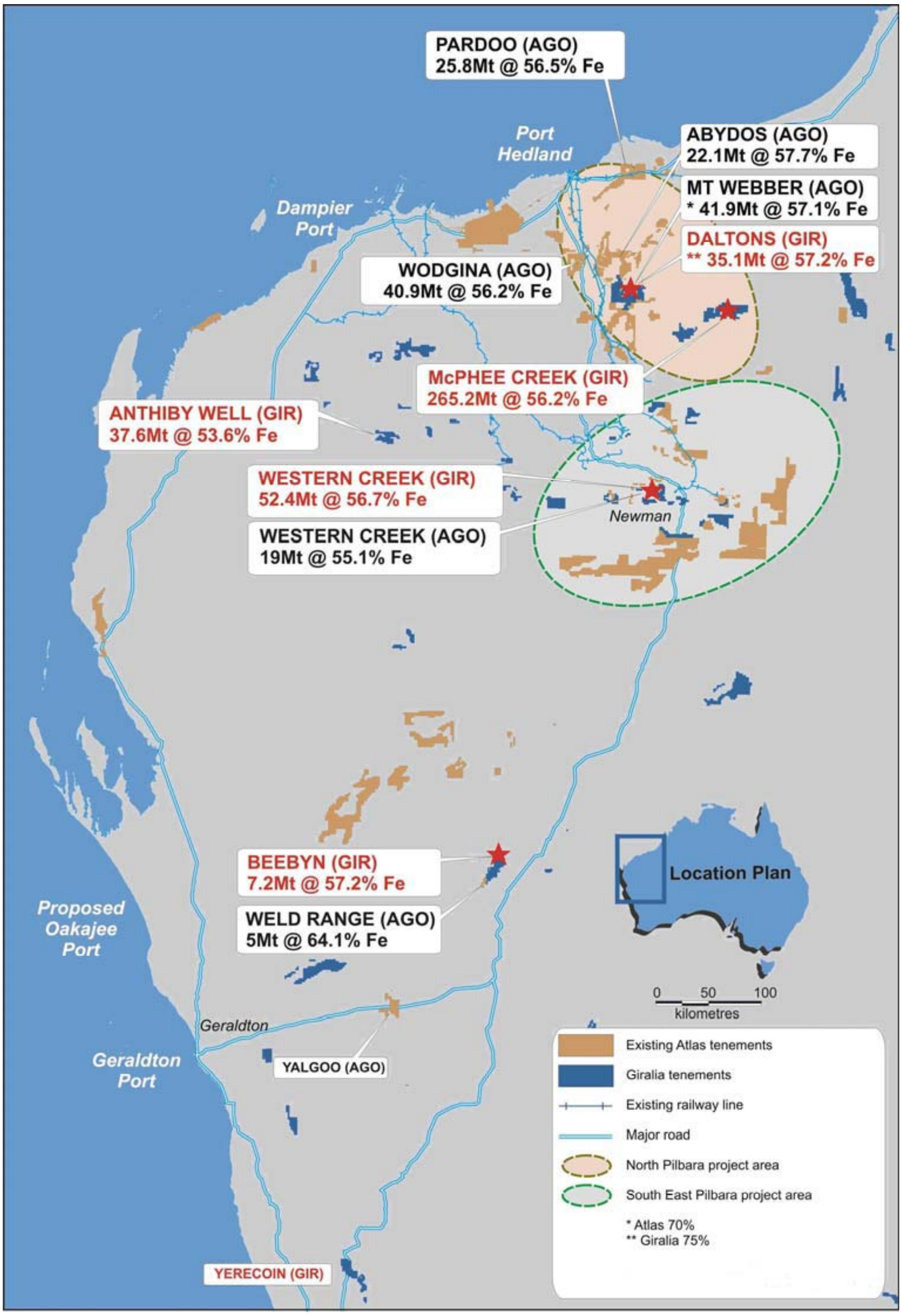
> "Atlas has Proved and Probable Ore Reserves for 4.0 years based on a production target of 1.8Mtpa for the Pardoo DSO project, Proved and Probable Ore Reserve for 4.7 years based on a production target of 4.2Mtpa for the Wodgina DSO project, and Probable Ore Reserve for 2.5 years based on a production target of 3Mtpa for the Abydos DSO project. Atlas has Probable Ore Reserves for 6.4 years based on a production target of 3Mtpa for the Mt Webber DSO project. There remains at present insufficient certainty with respect to whether economically mineable mineralisation beyond the Proved and Probable Reserves exists to reliably estimate future production for these projects. These production targets are also subject to the completion of all necessary feasibility studies, environmental permitting, port access, financing arrangements, execution of infrastructure-related agreements and timely project construction."

Atlas also refers Giralia Shareholders to the Resources and Reserves tables in Section 2.6 of the Bidder's Statement for a breakdown of the aggregate Proved and Probable Reserves figures quoted.

[2] Based on 100% of all projects. Giralia has a 75% interest in the Daltons Project and Atlas has a 70% interest in the Mt Webber Project.

Complementary assets with development synergies

The assets of Atlas and Giralia are considered to be highly complementary, particularly given that the key deposits of both companies are in close proximity to each other.



Combined projects in Western Australia

The Mt Webber project in which Atlas has a 70% interest and the Daltons project in which Giralia has a 75% interest are adjacent tenement positions and have the potential to be developed together as one 77Mt deposit (subject to the terms of the joint venture arrangements governing them). In addition, Giralia's McPhee Creek project has the potential to form part of an expanded 20Mtpa+ TRH facility. Combining the two asset portfolios is expected to provide the capacity to substantially reduce overall capital and operating costs.

Development and operational capabilities

The management of Atlas has a proven track record of developing and operating iron ore projects. Through the addition of Atlas' development and operational expertise, your Directors consider that the Merged Entity will be well placed to maximise the value of Giralia's projects and bring them quickly and cost effectively into production.

1.5. Exposure to a company with increased scale and liquidity of securities

Increased scale

The aggregate pro forma market capitalisation of Atlas and Giralia at 21 December 2010 was approximately $2.43 billion(3). The Merged Entity's market capitalisation may be of sufficient size to be considered for inclusion in the S&P/ASX 100 index(4). The increased scale, when compared to a standalone Giralia, has the potential to provide the following benefits:

- strong financial platform to fund project development with approximately $225 million in cash, no debt and generating strong cash flows from production;
- enhanced ability to source equity and debt funding on more favourable terms; and
- enhanced capital market profile that is expected to attract broader investor interest, particularly from institutional investors, and potentially increased coverage by research analysts.

Increased liquidity of securities

By accepting the Atlas Offer, Giralia Shareholders should benefit from holding substantially more liquid shares in the form of Atlas Shares. This is evident in the respective turnovers for the companies. During the 12 months prior to the announcement of the Atlas Offer, Giralia Shares had an average daily trading volume of approximately 0.26% of shares on issue compared to approximately 0.83% for Atlas Shares over the same period.

1.6. You may be eligible for Australian capital gains tax rollover relief

If, as a result of the Atlas Offer, Atlas becomes the holder of 80% or more of the voting shares in Giralia, Giralia Shareholders who would otherwise make a capital gain from the disposal of their Giralia Shares pursuant to the Atlas Offer may be able to choose to obtain full or partial capital gains tax scrip for scrip rollover relief.

If scrip for scrip rollover relief is available and is chosen by Giralia Shareholders who would otherwise have made a capital gain on the disposal of their Giralia Shares under the Atlas Offer, some or all of the capital gain from the disposal may be deferred. The capital gains tax provisions would then only apply on a later taxable event (such as disposal) happening to the Atlas Shares received as consideration under the Atlas Offer.

If you choose to receive the Scrip and Cash Alternative, scrip for scrip rollover relief would not be available for a capital gain attributable to any cash portion of the consideration you receive under the Atlas Offer.

Please refer to Section 6 of this Target's Statement for further information.

[3] Based upon 100% take up of the All Scrip Alternative, the market capitalisation of Giralia implied by the Atlas Offer and upon Atlas' market capitalisation derived from the closing price of Atlas Shares on the day prior to the Announcement Date.
[4] Based on the pro forma market capitalisation of the Merged Entity as at 20 December 2010 (being the day immediately before the Announcement Date). The criteria for inclusion in the S&P/ASX 100 index includes measures other than market capitalisation (such as liquidity) and there is no guarantee that the shares of the Merged Entity will be included in the S&P/ASX 100 index after the completion of the Atlas Offer.

1.7. There may be adverse consequences associated with not accepting the Atlas Offer

Your Directors believe that in the absence of the Atlas Offer or a Superior Proposal, Giralia's share price may fall to levels observed prior to the Atlas Offer or even lower. In addition, there are specific risks in relation to the operations and financing of Giralia as a standalone entity that you would continue to be exposed to if you do not accept the Atlas Offer, including:

- Giralia Shareholders will have full exposure to the development risks associated with its projects, and will not benefit from the infrastructure capacity, development expertise or financial strength of Atlas; and
- Giralia will need to finance the development of its projects, resulting in a strong probability that Giralia will need to raise additional funds, potentially through an issue of equity at a discount to the trading price of Giralia Shares which could dilute your investment in Giralia.

If you do not accept the Atlas Offer and Atlas declares the Atlas Offer unconditional without receiving acceptances resulting in it being entitled to at least 90% of all Giralia Shares, you will remain a minority shareholder in Giralia. The possible implications of being a minority shareholder include:

- Atlas may be in a position to control the composition of the Giralia Board and senior management, as well as the strategic direction of the Company;
- the liquidity of Giralia Shares may be significantly reduced, thereby exposing Giralia Shareholders to greater volatility, less institutional support and limited analyst coverage of Giralia Shares;
- if the number of Giralia Shareholders is less than that required by the ASX Listing Rules to maintain an ASX listing then the ASX may suspend and/or de-list Giralia Shares. If this occurs, any remaining Giralia Shareholders will not be able to sell their Giralia Shares on market; and
- there may be a reduced likelihood of a subsequent takeover bid for Giralia from a party other than Atlas.

See Section 5.5 of the Bidder's Statement for details of Atlas' intentions in these circumstances.

If you do not accept the Offer and Atlas receives acceptances resulting in it being entitled to at least 90% of all Giralia Shares then Atlas will be entitled, and currently intends, to acquire your Giralia Shares via compulsory acquisition (see Section 7.9 of this Target's Statement for further details).

2. Frequently asked questions (FAQs)

2.1. What is Atlas offering for my Giralia Shares?

Atlas is offering to acquire all of your Giralia Shares. The Atlas Offer provides Giralia Shareholders with a choice of two alternative forms of consideration:

- 1.50 Atlas Shares; or
- 1.33 Atlas Shares and $0.50 cash,

for every Giralia Share held by Giralia Shareholders. Each Giralia Shareholder will have the right to elect as to which of these forms of consideration, or a combination of them, they will receive for their Giralia Shares.

If you accept the Atlas Offer but do not specify which one, or a combination, of the consideration alternatives you wish to receive, you will, subject to Sections 11.22 and 11.23 of the Bidder's Statement, be treated as having chosen to receive the All Scrip Alternative for each of your Giralia Shares.

Certain foreign holders of Giralia Shares will not be entitled to receive Atlas Shares on accepting the Atlas Offer. If you are an Ineligible Foreign Shareholder and you accept the Atlas Offer, you will receive the net cash sale proceeds from the sale of the Atlas Shares which form part of the sale consideration and which you would otherwise have received. See Section 11.2 and the "Important Information" section of the Bidder's Statement for further details.

2.2. What choices do I have as a Giralia Shareholder?

As a Giralia Shareholder you have the choice to:

- accept the Atlas Offer for all of your Giralia Shares, in which case you should follow the instructions in Section 11.7 of the Bidder's Statement and the Acceptance Form accompanying the Bidder's Statement;
- sell your Giralia Shares on ASX (unless you have already accepted the Atlas Offer and have not validly withdrawn your acceptance in respect of those Giralia Shares); or
- choose not to accept the Atlas Offer, in which case you do not need to take any action. You should note that your Giralia Shares may be compulsorily acquired by Atlas in certain circumstances (see question 2.13 below).

Giralia Shareholders should carefully consider your Directors' recommendation and the other information set out in this Target's Statement in deciding whether to accept the Atlas Offer. You may wish to seek legal, financial or taxation advice from your professional adviser regarding the action that you should take in relation to the Atlas Offer.

2.3. What do your Directors recommend?

Your Directors recommend that you ACCEPT the Atlas Offer in the absence of a Superior Proposal.

The key reasons for your Directors' recommendation are set out in Section 1 of this Target's Statement.

If there is a change in this recommendation or any material developments in relation to the Atlas Offer, Giralia will lodge a supplementary target's statement.

2.4. What does the Independent Expert say?

The Independent Expert has concluded that the Atlas Offer is FAIR AND REASONABLE.

The Independent Expert's Report accompanies this Target's Statement as Annexure A. Your Directors recommend that you read the Independent Expert's Report in full as part of your consideration of the Atlas Offer.

2.5. What do the Directors intend to do in relation to any Giralia Shares that they own or control?

The Directors (or their nominees) have each entered into Acceptance and Option Deeds with Atlas for all of the Giralia Shares held by them. In accordance with the Acceptance and Option Deeds, each of the Directors has ACCEPTED the Atlas Offer in respect of all of their Giralia Shares. A summary of the Acceptance and Option Deeds can be found in Section 8.6 of this Target's Statement.

2.6. Why are the Directors recommending that I ACCEPT the Atlas Offer in the absence of a Superior Proposal?

Your Directors are recommending that you ACCEPT the Atlas Offer in the absence of a Superior Proposal for the following key reasons:

- the Atlas Offer represents a significant premium to recent market prices for Giralia Shares;
- the Independent Expert has concluded that the Atlas Offer is fair and reasonable to Giralia Shareholders;
- the combination of Atlas and Giralia would create a substantial independent iron ore company that would be well placed to enhance the value of Giralia's portfolio of projects;
- the combination with Atlas would result in exposure to a company with increased scale and liquidity of securities;
- Giralia Shareholders may be eligible for Australian capital gains tax rollover relief; and
- there may be adverse consequences associated with not accepting the Atlas Offer.

2.7. How do I accept the Atlas Offer?

To accept the Atlas Offer, you must follow the instructions in Section 11.7 of the Bidder's Statement and on the Acceptance Form accompanying the Bidder's Statement. To be effective, your acceptance must be received by Atlas before 5.00pm (Perth time) on 14 February 2011 (unless the Offer Period is extended).

2.8. Can I accept the Atlas Offer for only some of my Giralia Shares?

Unless you hold the Giralia Shares as trustee or nominee for, or otherwise on account of, more than one person, you cannot accept the Atlas Offer for only some Giralia Shares held. See Sections 11.7 and 11.26 of the Bidder's Statement for more information about accepting the Atlas Offer.

2.9. How do I reject the Atlas Offer?

To reject the Atlas Offer, you do not need to do anything.

However, you should note that your Directors' recommendation is that you ACCEPT the Atlas Offer in the absence of a Superior Proposal.

2.10. When do I have to make a decision?

If you wish to follow the Directors' recommendation and accept the Atlas Offer, you must do this before its scheduled closing date. Atlas has stated that the Atlas Offer remains open until 5:00pm (Perth time) on 14 February 2011 (unless the Offer Period is extended). Atlas may choose to extend the Offer Period in accordance with the Corporations Act. In addition, the Offer Period may be extended automatically if, within the last 7 days of the Offer Period:

- Atlas improves the consideration offered under the Atlas Offer; or
- Atlas' voting power increases to more than 50%.

If either of these two events occurs, the Offer Period will be automatically extended so that it ends 14 days after the relevant event occurs.

2.11. What happens if Atlas improves the consideration offered under its Offer?

If Atlas improves the consideration offered under its Offer, all Giralia Shareholders who have accepted the Atlas Offer will be entitled to the benefit of that improved consideration (whether they accepted the Atlas Offer before or after the consideration was improved).

2.12. Can I sell my Giralia Shares on market?

You can sell your Giralia Shares on market unless you have already accepted the Atlas Offer and have not validly withdrawn your acceptance in respect of those Giralia Shares. If you sell your Giralia Shares on market:

- you will not benefit from any possible increase in the value of Giralia Shares; and
- you will not benefit from any possible increase in the consideration that may be provided under the Atlas Offer or any other offer, should one be made.

See Section 4.2 of this Target's Statement for further information.

2.13. Can I be forced to sell my Giralia Shares?

You cannot be forced to sell your Giralia Shares unless Atlas proceeds to compulsory acquisition of Giralia Shares. Atlas will need to acquire a relevant interest in at least 90% of Giralia Shares (by number) in order to exercise compulsory acquisition rights. If Atlas acquires more than 90% of Giralia and proceeds to compulsory acquisition, then you will receive the same consideration as is payable by Atlas under the Atlas Offer. See Section 7.9 of this Target's Statement for further details.

2.14. When will I receive the consideration if I accept the Atlas Offer?

No payment for the Giralia Shares tendered into the Atlas Offer will be made until after the Atlas Offer becomes unconditional. If the Atlas Offer becomes unconditional, you will be paid under the Atlas Offer on or before the earlier of:

- 1 month after the date of your acceptance of the Atlas Offer or, if the Atlas Offer is subject to an Offer Condition when accepted, 1 month after the contract resulting from your acceptance of the Atlas Offer becomes unconditional; and
- the day 21 days after the end of the Offer Period.

See Section 11.19 of the Bidder's Statement for further details on when you will be sent your payment from Atlas.

2.15. If I accept the Atlas Offer, can I later withdraw my acceptance?

You have limited rights to withdraw your acceptance of the Atlas Offer. You cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act.

Such a withdrawal right will arise if, after you have accepted the Atlas Offer:

(a) the Atlas Offer is still subject to an Offer Condition; and

(b) Atlas varies the Atlas Offer in a way that postpones for more than 1 month the time when Atlas has to pay you under the Atlas Offer (for example if Atlas extends the Atlas Offer for more than 1 month while the Atlas Offer remains conditional).

2.16. What happens if I accept the Atlas Offer and the Offer Conditions are not satisfied?

If the Offer Conditions are not satisfied and Atlas has not waived the Offer Conditions by the end of the Offer Period, your acceptance of the Atlas Offer will be void and of no effect whatsoever. You will then be free to deal with your Giralia Shares in another way.

If the Offer Conditions are satisfied or waived before the end of the Offer Period, you will be paid the Offer consideration (in the form chosen by you) by Atlas (see Section 2.14 of this Target's Statement).

Even where the Atlas Offer remains conditional, you cannot withdraw your acceptance before the end of the Offer Period except in limited circumstances (see Section 2.15 of this Target's Statement).

2.17. Can Atlas withdraw the Atlas Offer?

Atlas may not withdraw the Atlas Offer if you have already accepted it. However, before you accept the Atlas Offer, Atlas may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

As noted above, if the Offer Conditions are not satisfied or waived before the Offer Period ends, the Atlas Offer will lapse.

2.18. What are the tax implications of accepting the Atlas Offer?

A general description of the potential Australian taxation consequences of accepting the Atlas Offer are set out in Section 6 of this Target's Statement and Section 9 of the Bidder's Statement.

You should not rely on those descriptions as advice for your own tax affairs. You should consult your taxation adviser for detailed taxation advice before making a decision as to whether or not to accept the Atlas Offer for your Giralia Shares. You may, for example, be liable for capital gains tax.

2.19. What can I do with my Giralia Options?

The Atlas Offer extends to Giralia Shares issued on the exercise of Giralia Options prior to the end of the Offer Period. If you hold Giralia Options and wish to accept the Atlas Offer, you must ensure that your Giralia Options are exercised in sufficient time to allow you to be issued with Giralia Shares before the end of the Offer Period.

In addition, the Bid Implementation Agreement requires that prior to the Atlas Offer becoming unconditional, Atlas must make an offer to acquire all of the Giralia Options (outstanding as at such date) from each Giralia Optionholder or seek the Giralia Optionholder's consent to cancel their Giralia Options in consideration for the issue of Atlas Shares to that Giralia Optionholder. Therefore, an alternative to exercising your Giralia Options would be to enter into an agreement with Atlas to dispose of or cancel your Giralia Options.

Under the terms on which the Giralia Options were issued, if Atlas acquires a relevant interest in at least 90% of the Giralia Shares during, or at the end of, the Offer Period, then all outstanding Giralia Options will automatically expire on the day which is 30 days after Atlas acquires a relevant interest in not less than 90% of the Giralia Shares on issue. As set out in Section 5.2(b) of the Bidder's Statement, Atlas presently intends to proceed with the acquisition of those Giralia Options if permitted in accordance with the Corporations Act.

Further details regarding the Giralia Options is set out in Section 7.8 of this Target's Statement and Section 4.8 of the Bidder's Statement.

You should obtain your own financial and taxation advice before taking any action in regard to your Giralia Options.

2.20. What are the conditions to the Atlas Offer?

The conditions of the Atlas Offer include those relating to the following issues:

(a) Atlas acquiring 90% of Giralia;

(b) there being no Material Adverse Change in respect of Giralia and its subsidiaries;

(c) Giralia's business being conducted in the ordinary course;

(d) the acquisition by Atlas or cancellation of all outstanding Giralia Options or Atlas being entitled to compulsorily acquire all outstanding Giralia Options;

(e) no Prescribed Occurrence occurring during the period beginning on the Announcement Date and ending at the end of the Atlas Offer Period;

(f) no action is taken by a Public Authority during the Condition Period which could have a material adverse impact on the Atlas Offer;

(g) Atlas receiving all approvals required by law or by any Public Authority; to permit the Atlas Offer to be made to and accepted by Giralia Shareholders; or as a result of the Atlas Offer or the successful acquisition of the Giralia Shares and which are required for the continued operation of the business of Giralia and its subsidiaries or Atlas and its subsidiaries;

(h) no material acquisitions or disposal of assets, or the entry into joint ventures, partnerships or dual listed company structures by Giralia or its subsidiaries without the written consent of Atlas;

(i) subject to certain exceptions, no break fees are paid or agreed to be paid by Giralia or its subsidiaries in connection with any person making a takeover offer for Giralia;

(j) no person having any right as a result of Atlas acquiring Giralia Shares to acquire or require Giralia or a subsidiary to dispose of any material asset, terminate or vary a material agreement, or accelerate or adversely modify the performance of any obligations of Giralia or any of its subsidiaries under a material agreement; and

(k) no force majeure event occurring which materially affects or is likely to materially affect the assets, liabilities, financial position, performance, profitability or prospects of Giralia or any of its subsidiaries.

The Offer Conditions are summarised in more detail in Section 7.2 of this Target's Statement and are set out in full in Section 11.12 of the Bidder's Statement. Giralia Shareholders should read these more detailed sections in full.

2.21. How will I know when the Atlas Offer is unconditional?

Atlas is required to advise Giralia and Giralia Shareholders as soon as the Offer Conditions are satisfied or waived. Notices from Atlas will be available on the ASX website at www.asx.com.au (ASX Code: GIR or AGO).

2.22. How can I get updates on the Giralia Share price?

If you have access to the internet, you can receive updates by visiting the ASX website at www.asx.com.au.

2.23. Who should I call if I have any questions?

Giralia has established the Giralia Shareholder Information Line for Giralia Shareholders with queries in relation to the Atlas Offer. The telephone number is 1800 207 622 (within Australia) and +61 2 8280 7220 (outside of Australia). It is available Monday to Friday between 9.00am and 5.00pm (Perth time).

Announcements made to ASX by Giralia and other information relating to the Atlas Offer can be obtained from Giralia's website at www.giralia.com.au or from the ASX website at www.asx.com.au (ASX code: GIR).

3. Directors' review of the Atlas Offer and recommendation

3.1. Directors of Giralia

The directors of Giralia as at the date of this Target's Statement are:

Graham Douglas Riley B. Juris, L.L.B. Chairman	Director since 30 June 1998. Mr Riley is a qualified legal practitioner, having gained his Bachelor of Laws and Bachelor of Jurisprudence Degrees. After 10 years legal practice as a partner of a commercial firm in Perth, he resigned to pursue private interests in the resources and exploration sector, where he continues to act in various non-executive capacities. Mr Riley is Chairman of Buru Energy Ltd and Gascoyne Resources Ltd.
Rodney Michael Joyce BSc (Hons), MSc. Managing Director/CEO	Director since 10 May 2000. Mr Joyce is a geologist with over 20 years experience in mineral exploration, following graduation in 1979 with a BSc (Hons) degree in Geology from Monash University. He also holds a MSc in Mineral Exploration from the Royal School of Mines, University of London, United Kingdom. Prior to joining Giralia as Exploration Manager in late 1998, he was the leader of a successful gold exploration team at Aberfoyle Resources Ltd, responsible for significant gold discoveries at Khartoum (Carosue Dam) and Davyhurst in Western Australia. Mr Joyce is a Director of Zenith Minerals Limited.
Stanley Allan Macdonald Executive Director	Director since 12 April 1991. Mr Macdonald is a major shareholder in Giralia and has been associated with the mining and exploration industry for over 20 years. Mr Macdonald is a Non-Executive Director of U3O8 Limited, Zenith Minerals Limited and Carpentaria Exploration Ltd.

3.2. Recommendation and reasons

In assessing the Atlas Offer your Directors have had regard to a number of considerations, including the information set out in the Bidder's Statement and the conclusions of the Independent Expert.

Based on this assessment and for the reasons set out in this Target's Statement (in particular those set out in Section 1 of this Target's Statement) **each of your Directors recommends that you ACCEPT the Atlas Offer in the absence of a Superior Proposal.**

3.3. Directors intentions

The Directors (or their nominees) have each entered into Acceptance and Option Deeds with Atlas for all of the Giralia Shares held by them (representing (in aggregate) approximately 7.5% of the Giralia Shares on issue as at the date of this Target's Statement). In accordance with the terms of the Acceptance and Option Deeds, each of the Directors has ACCEPTED the Atlas Offer in respect of all of their Giralia Shares. A summary of the Acceptance and Option Deeds is set out in Section 8.6 of this Target's Statement.

See Section 8.1 of this Target's Statement for more information on the respective shareholdings of the Directors.

4. Your choices as a Giralia Shareholder

4.1. Accept the Atlas Offer

You may elect to accept the Atlas Offer in respect of all your Giralia Shares. The Directors unanimously recommend that you ACCEPT the Atlas Offer in the absence of a Superior Proposal.

If you elect to accept the Atlas Offer, you are required to choose one or a combination of both of the following consideration alternatives for each Giralia Share:

- 1.50 Atlas Shares; or
- 1.33 Atlas Shares and $0.50 cash.

You may specify that the All Scrip Alternative or the Scrip and Cash Alternative applies in respect of all your Giralia Shares, or you may specify that the Scrip and Cash Alternative applies to some, and the All Scrip Alternative applies to the rest, of your Giralia Shares.

If you accept the Atlas Offer but do not specify which one or a combination of the consideration alternatives you wish to receive, you will, subject to Sections 11.22 and 11.23 of the Bidder's Statement, be treated as having chosen to receive the All Scrip Alternative for each of your Giralia Shares.

Certain foreign holders of Giralia Shares will not be entitled to receive Atlas Shares on accepting the Atlas Offer. If you are an Ineligible Foreign Shareholder and you accept the Atlas Offer, you will receive the net cash sale proceeds from the sale of the Atlas Shares which form part of the sale consideration and which you would otherwise have received. See Section 11.2 and the "Important Information" section of the Bidder's Statement for further details.

The Bidder's Statement contains details of how to accept the Atlas Offer and encloses the Acceptance Form which you must complete and return. The consequences of accepting and electing either the Scrip and Cash Alternative or the All Scrip Alternative are set out in Sections 11.7 to 11.9 of the Bidder's Statement.

The All Scrip Alternative provides you with the greatest exposure to the Merged Entity and is therefore most influenced by the price at which Atlas Shares will trade following their issue to accepting Giralia Shareholders.

As the consideration alternatives both involve an element of Atlas scrip, the value of the consideration alternatives will fluctuate with changes in the Atlas share price.

Note that there may be tax consequences for you if you accept the Atlas Offer. Please refer to Section 6 of this Target's Statement for a general outline of the potential Australian tax implications of accepting the Atlas Offer.

4.2. Sell your Giralia Shares on ASX

Provided you have not accepted the Atlas Offer you can sell your Giralia Shares on the ASX.

If you sell your Giralia Shares on the ASX:

- you will lose the ability to accept the Atlas Offer or any other proposal that may emerge;
- you may receive more or less for your Giralia Shares than the consideration being offered by Atlas under its Offer;
- you may incur a brokerage charge; and
- you may be liable for capital gains tax on the sale (but note that this may also apply if the Atlas Offer is accepted, although you may be eligible for capital gains tax relief if certain conditions are satisfied).

If you wish to sell your Giralia Shares on the ASX you should contact your broker for information on how to effect the sale.

The latest price for Giralia Shares may be obtained from the ASX website at www.asx.com.au (ASX Code: GIR).

Note that there may be tax consequences for you if you sell your Giralia Shares on the ASX. You should seek your own specific professional advice regarding the taxation consequences for you of selling your Giralia Shares on the ASX.

4.3. Do nothing

If you do not wish to accept the Atlas Offer or sell your Giralia Shares on the ASX you do not need to take any action.

If you do not accept the Atlas Offer and Atlas becomes entitled to compulsorily acquire your Giralia Shares under the Corporations Act, as it has stated in its Bidder's Statement that it intends to do, you may be paid later than Giralia Shareholders who choose to accept the Atlas Offer. Refer to Section 7.9 of this Target's Statement and Section 5.2 of the Bidder's Statement for details on compulsory acquisition.

If the Atlas Offer is successful (i.e the Offer Conditions are satisfied or not triggered, or are waived) but Atlas does not become entitled to compulsorily acquire your Giralia Shares, you will become a minority Giralia Shareholder. The possible implications of being a minority Giralia Shareholder include that:

- the Giralia Share price may not include any takeover premium;
- the liquidity of Giralia Shares may be lower than at present; and
- Giralia may be controlled by Atlas.

Section 5.5 of the Bidder's Statement contains a description of Atlas' intentions with respect to Giralia if it was to gain effective control of Giralia but not entitled to proceed to compulsory acquisition of the outstanding Giralia Shares.

See also Section 1.7 of this Target's Statement.

5. Matters for Giralia Shareholders to consider

5.1. Overview of Giralia

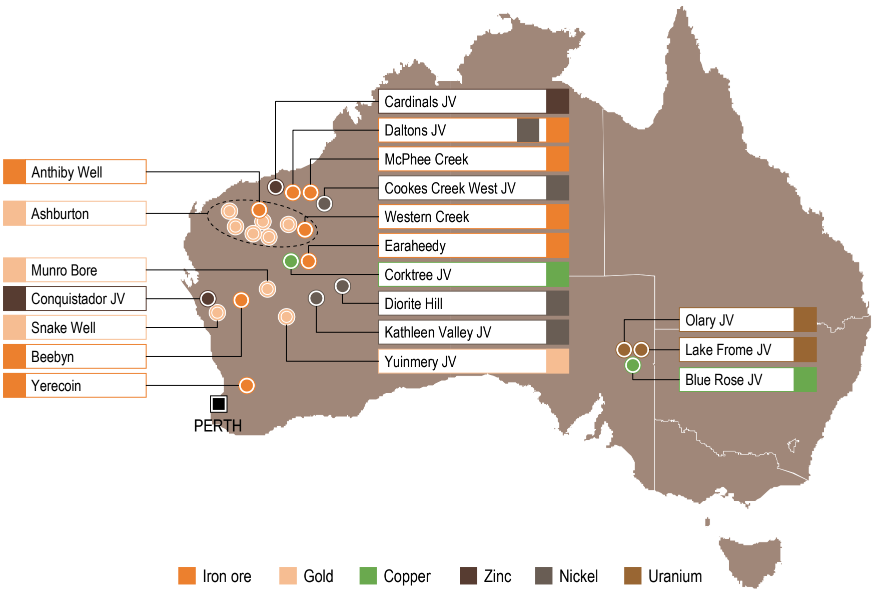
Giralia is an iron ore exploration company based in Perth, Western Australia and has been listed on the ASX since 30 July 1987. Giralia is aiming to accelerate near term development opportunities, principally targeting hematite direct shipping iron ore close to existing or planned infrastructure in the Pilbara and Mid West provinces of Western Australia.

Giralia's current focus is on the development of its Western Australian iron ore assets, principally in the North Pilbara region. Giralia has approximately 575.6 million tonnes of attributable (indicated and inferred) iron ore Mineral Resources (including Pilbara and Mid West hematite deposits and magnetite at Yerecoin), and the Company's recent focus has been on further drilling and resource definition within the McPhee Creek and Daltons projects.

Additionally, Giralia has exposure to a multi-commodity portfolio of other exploration properties, including the Lake Frome uranium joint venture situated around the operating Beverley uranium mine in South Australia and the advanced Snake Well gold project in Western Australia.

Giralia also holds stakes in several listed companies, which are held largely as a result of the spin-off of independently managed and funded companies over the last 6 years.

Giralia project locations and commodity exposure in Australia



Set out below are further details of Giralia's key assets as at the date of this Target's Statement.

Giralia's Western Australian iron ore assets

The following map outlines Giralia's Western Australian iron ore projects. Giralia's main areas of focus are the Daltons and McPhee Creek DSO Projects located in the North Pilbara.

The following table provides an overview of Giralia's key iron ore assets.

Project	Giralia's Interest (%)	Tonnes (Mt)	Resource category	Deposit type	Commentary
McPhee Creek[1][3]	100%	65.3 194.7 5.2	Indicated Inferred Inferred	DSO DSO CID	Giralia discovered hematite-goethite mineralisation along the 8km main range at McPhee Creek in September 2009. The deposit has total Mineral Resources of 265.2Mt at 56.2% Fe comprising the main range DSO deposit and a small nearby CID deposit and is located approximately 220km south-east of Port Hedland (within trucking distance). On 25 November 2010, the Company released the findings of a scoping study on development options including a base case involving a production rate of 2Mtpa involving public road haulage to Port Hedland with first production by September 2012.
Daltons-Mt Webber [2]	75%	28.9 (GIR 21.7) 6.2 (GIR 4.7)	Indicated Inferred	DSO DSO	The Daltons project is subject to an unincorporated joint venture between Giralia (75%) and Haoma Mining NL (25%) (*Daltons JV*), and covers a group of tenements located approximately 150km south of Port Hedland and adjacent to Atlas' Mt Webber DSO deposit. An initial Inferred Mineral Resource was reported on 14 September 2009 for the Daltons JV's Mt Webber iron ore deposit. The results of an independent scoping study on development options were reported in December 2009, which included a base case of 2Mtpa mining and road haulage to Port Hedland, targeting production by late 2011. Infill RC and diamond drilling was completed to allow upgrade of resource category for the major portion of the Mt Webber deposit, and the current Indicated Mineral Resource for the Main Southern Zone was reported as 28.9Mt at 57.9% Fe on 8 September 2010. Additional Inferred Resources remained unchanged at 6.2Mt. This upgraded Main Southern Zone resource will form the basis for Ore Reserve estimation and mine engineering studies as part of an ongoing pre-feasibility study. The Daltons JV is governed by a heads of agreement dated 7 November 2002 (*Heads of Agreement*). Giralia and Haoma are in discussions regarding a new joint venture agreement to replace the Heads of Agreement, which it is intended will set out processes for the development of the Daltons project. Pending execution of such a formal agreement, the relationship between Giralia and Haoma continues to be governed by the Heads of Agreement.
Western Creek[1]	100%	52.4	Inferred	DSO	Giralia has outlined an Inferred Mineral Resource of 52.4Mt at 56.7% Fe comprising thick zones of near surface Marra Mamba iron ore as a direct extension of BHP Billiton's adjoining Silver Knight-Golden Flag deposit, located 15km from railway and train loading facilities at Newman.
Beebyn[2]	100%	7.2	Inferred	DSO	The Beebyn iron ore project is located in Western Australia's emerging Mid West iron ore province and comprises two zones of identified hematite iron ore mineralisation: a 6km long segment of the north-eastern Weld Range and the Beebynganna Hills prospect; and an 11km long iron formation range only 10km to the south of the Weld Range, where new zones of both hematite and magnetite have been discovered. A 78 hole drilling program in August 2009 confirmed extensions to the initial hematite Inferred Resource of 7.2 Mt at 57.2% Fe.
Anthiby Well[1]	100%	37.6	Inferred	CID	The Anthiby Well iron ore project is a channel iron (*CID*) mineralisation located around 100km west of Paraburdoo in the Pilbara Region of Western Australia and approximately 220km by road from Onslow port. An initial 87 hole drilling program was completed in December 2008 following which Giralia reported an Inferred Mineral Resource of 37.6Mt at 53.6% Fe. The mineralisation commences at or very near the natural land surface, to a maximum depth of approximately 40 metres.
Earaheedy[4]	100%	n.a.	n.a.	n.a.	Earaheedy is a greenfield exploration project comprising tenements covering 570km^2, including 130 strike km of the most iron-ore prospective areas of the Miss Fairbairn Hills in the northern Earaheedy Basin, 100km north of Wiluna, and 200km south of Newman in Western Australia. Giralia has completed a total of 292 RC holes to date in three drilling programs since 2007.
Yerecoin[1]	100%	186.8	Inferred	Magnetite	A maiden Inferred Mineral Resource of 186.8Mt at 30.9% Fe was reported on 7 July 2010 for the Yerecoin magnetite project, located around 120km NNE of Perth. A key to the development of the Yerecoin project is likely to be its location within 1km of existing rail access. A positive scoping study on development options was delivered in February 2010.

Competent Persons' Statements

1. The information in this Target's Statement that relates to estimates of in-situ Mineral Resources at Western Creek, McPhee Creek Main Range DSO, Yerecoin and Anthiby Well is based on information compiled by Mr Grant Louw who is a full time employee of CSA Global Pty Ltd. Grant Louw takes overall responsibility for the Mineral Resource estimates. 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 in this Target's Statement of the matters based on his information in the form and context in which it appears.
2. The information in this Target's Statement that relates to estimates of in-situ Mineral Resources at Daltons-Mt Webber is based on information compiled by Mr Chris Allen who, at the time of preparing the estimates, was a full time employee of CSA Global Pty Ltd. Chris Allen takes overall responsibility for the Mineral Resource estimates. 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). Chris Allen consents to the inclusion in this Target's Statement of the matters based on his information in the form and context in which it appears.
3. The information in this Target's Statement that relates to estimates of in-situ Mineral Resources at Beebyn and McPhee Creek CID is based on information compiled by Mr Malcolm Titley who is a full time employee of CSA Global Pty Ltd. Malcolm Titley takes overall responsibility for the Mineral Resource estimates. 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). Malcolm Titley consents to the inclusion in this Target's Statement of the matters based on his information in the form and context in which it appears.
4. The information in this Target's Statement that relates to Exploration Results is based on information compiled by Mr R.M. Joyce who is a full time employee of Giralia Resources N.L. and a Member of the Australian Institute of Mining and Metallurgy. Mr R.M. Joyce 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 R.M. Joyce consents to the inclusion in this Target's Statement of the matters based on his information in the form and context in which it appears.

Refer to the Technical Project Review and Independent Valuation Report (short form) in Appendix G of the Independent Expert's Report for further information with respect to details of Giralia's projects and resources.

Equity investments

Giralia also holds equity positions in a number of listed companies which are held largely as a result of spin-offs and tenement sales aimed at accelerating exploration and development activity, and extracting shareholder value.

Company	Ticker	Stake	Commodity	Description
U3O8 Ltd	UTO:ASX	15.0%	Uranium	U3O8 was formed as a spin off of Giralia's wholly owned uranium projects in May 2006. Giralia Shareholders received an in-specie distribution of U3O8 shares in August 2006 and Giralia currently has a 15% interest. Giralia Director Mr S.A Macdonald is a Non-Executive Director of U3O8.
Zenith Minerals Ltd (formerly Zinc Co Australia Limited)	ZNC:ASX	10.8%	Zinc, Iron, Manganese	Zenith Minerals successfully listed Giralia's zinc assets in May 2007. Giralia Shareholders received an in-specie distribution of Zenith Minerals shares in August 2007 and Giralia currently has a 10.8% interest. Giralia Directors Mr R.M Joyce and Mr S.A Macdonald are on the Board of Zenith Minerals.
Carpentaria Exploration Ltd	CAP:ASX	9.1%	Base Metals, Iron, Coal, Gold	Carpentaria Exploration was formed as a spin-off of Giralia's eastern states assets in November 2007. Giralia shareholders received an in-specie distribution of Carpentaria Exploration shares in February 2008 and Giralia currently has a 9.1% interest. Giralia Director Mr S.A Macdonald is on the Board of Carpentaria Exploration.
Gascoyne Resources Ltd	GCY:ASX	5.9%	Gold	Gascoyne Resources was a gold focused IPO jointly sponsored by Helix Resources Limited and Giralia in December 2009. Giralia shareholders received an in-specie distribution of Gascoyne Resources shares in March 2010 and Giralia currently has a 5.9% interest. Giralia's Chairman Mr G.D Riley is also Gascoyne Resources' Chairman.
Hazelwood Resources Ltd	HAZ:ASX	1.7%	Nickel, Tungsten	Giralia's interest in Hazelwood Resources resulted from the sale of a nickel prospect in November 2006. Hazelwood Resources issued 4 million fully paid shares to Giralia, and has earned a 70% participating interest at the Cookes Creek Western Extension JV, with Giralia free carried at 30% to decision to mine.
Entrée Gold Inc	ETG:TSX	1.3%	Copper	Giralia received A$703,700 cash and 1.528 million shares in Entrée Gold on completion of the merger between Entrée and PacMag Metals Limited on 30-Jun-10. PacMag was a "back door" listing of Giralia's copper assets in November 2005. In December 2005, PacMag shares were distributed in-specie to Giralia shareholders.
Peninsula Energy Limited	PEN:ASX	1.0%	Uranium	In June 2007, PacMag Metals Ltd sold mineral tenements situated in the USA in return for shares in Peninsula Energy. Giralia received shares in Peninsula Energy as a result of an in specie distribution of Peninsula Energy shares made by PacMag to its shareholders.
Red 5 Limited	RED:ASX	<0.1%	Gold	Giralia received shares for tenements sold to Red 5 Ltd. Giralia reduced its shareholding in Red 5 to the current level.

Corporate

As at 31 December 2010, Giralia had a total of approximately $54.46 million in cash on deposit and short-term fixed interest deposits. There have been no material changes to this since 31 December 2010. The value of Giralia's equity investments fluctuate daily.

5.2. Independent Expert's Report

The Directors engaged PricewaterhouseCoopers Securities to prepare an Independent Expert's Report setting out the Independent Expert's opinion as to whether the Atlas Offer is fair and reasonable to Giralia Shareholders and the reasons for forming that opinion.

The Independent Expert's Report and financial services guide are contained in Annexure A to this Target's Statement, which you should read in its entirety.

In the Independent Expert's opinion, the Atlas Offer is fair and reasonable to Giralia Shareholders.

The reasons supporting the Independent Expert's conclusions are summarised in Section 1.3 of this Target's Statement.

5.3. Information in relation to Atlas and Atlas' securities

Atlas is an Australian listed company. Section 2 of the Bidder's Statement provides corporate, operational and financial information in relation to Atlas and Section 3 of the Bidder's Statement provides information about Atlas securities. Further information in relation to Atlas can be obtained from the Atlas website at www.atlasiron.com.au or the ASX at www.asx.com.au (ASX code: AGO).

5.4. Atlas' intentions with respect to Giralia

The intentions of Atlas (as at the date of the Bidder's Statement) in relation to Giralia, its business, assets and employees are set out in Sections 5.4 to 5.6 of the Bidder's Statement. These statements are statements of Atlas' intentions current at the date of the Bidder's Statement only, which may vary as new information becomes available or circumstances change.

5.5. Risk factors in investing in Atlas Shares

Giralia Shareholders who accept the Atlas Offer will become shareholders in Atlas. Section 7 of the Bidder's Statement outlines the risks that Giralia Shareholders may face when investing in Atlas Shares. If you require further information regarding such risks in order to make a decision as to whether or not to accept the Atlas Offer, you should contact your accounting, legal or other professional adviser.

Neither Giralia nor any of its officers or advisers accepts any liability or responsibility in respect of movement in Atlas' Share price before, during or following close of the Atlas Offer.

5.6. Risks factors in continuing to hold Giralia Shares

If you do not accept the Atlas Offer and Atlas does not acquire 100% of Giralia Shares, set out below are some of the risks for you in continuing to hold Giralia Shares.

Many of these risks are relevant to Giralia Shareholders today and will be relevant to Giralia Shareholders who remain as Giralia Shareholders following completion of the Atlas Offer. Many of these risks are outside the control of Giralia and the Giralia Board. There can be no certainty that Giralia will achieve its stated objectives or that any forward looking statements will be achieved. Additional risks and uncertainties not currently known to Giralia may have a material adverse effect on Giralia's business and the information set out below does not purport to be, nor should it be construed as representing, an exhaustive list of the risks that may affect Giralia. Giralia Shareholders should read this Target's Statement in its entirety and carefully consider the following risk factors in deciding whether to accept the Atlas Offer.

Company specific risks

Liquidity of Giralia Shares

If Atlas waives its minimum acceptance condition and acquires some but not all of the Giralia Shares, Giralia Shareholders who do not accept the Atlas Offer run the risk of being minority shareholders in a company with reduced share trading liquidity. The potential consequences of remaining a minority shareholder in Giralia are set out in Section 1.7 of this Target's Statement.

Mining industry risks

Exploration, mining and development risks

Mineral exploration and mining are speculative operations that may be hampered by circumstances beyond the control of Giralia. Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management.

Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforseen events.

Resource and reserve estimates

Mineral Resource and Ore Reserve estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates, which were valid when made, may change significantly upon new information becoming available. In addition, the estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should Giralia encounter mineralisation or formations different from those predicted by past sampling and drilling, current estimates may have to be adjusted and mining plans may have to be altered in a way which could have a negative effect on Giralia's operations. A Mineral Resource is not the equivalent of a commercially mineable orebody or an Ore Reserve.

Environmental risks and regulations

The operations and proposed activities of Giralia are subject to environmental laws and regulations. As with most exploration projects and mining operations, Giralia's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company attempts to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Licences and permits

The Company's mining exploration activities are dependent upon the grant, or as the case may be, the maintenance of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. The maintaining of tenements, obtaining renewals, or getting tenements granted, often depends on Giralia being successful in obtaining the required statutory approvals for its proposed activities and that the licences, concessions, leases, permits or consents it holds will be renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection with them.

Joint venture parties, agents and contractors

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which Giralia is or may become a party or the insolvency or managerial failure by any of the contractors used by Giralia in any of its activities, or the insolvency or other managerial failure by any of the other service providers used by Giralia for any activity.

Access to infrastructure

The development of iron ore projects requires access to significant infrastructure, including ore transport and port facilities. The Company does not yet have a defined infrastructure solution to facilitate product sales into the export market and there is no guarantee that the Company will be able to obtain access to the necessary infrastructure.

Future capital requirements

The Company's activities will require substantial expenditures. The Company's failure to raise capital if and when needed could delay or suspend Giralia's business strategy and could have a material adverse effect on Giralia's activities.

Reliance on key personnel

The Company's success depends largely on the core competencies of its directors and management, and their familiarity with, and ability to operate, in the metals and mining industry, as well as Giralia's ability to retain its key executives.

Insurance and uninsured risks

The business of Giralia is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of Giralia or others, delays in mining, monetary losses and possible legal liability.

Although Giralia maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability.

Government regulation

The mining, processing, development and mineral exploration activities of Giralia are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people, and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Tax

Changes to income tax (including capital gains tax), GST, duty or other revenue legislation, case law, rulings or determinations issued by the Commissioner of Taxation or other practices of tax authorities may change following the date of this Target's Statement or adversely affect Giralia. In particular, both the level and basis of taxation may change.

Notably, the Federal Government proposes to introduce a Minerals Resource Rent Tax (*MRRT*) on iron ore and coal projects, which (broadly) taxes MRRT assessable profits at a rate of 30%. At this stage, the Federal Government has not released exposure draft legislation for the implementation of the MRRT. Accordingly, the final form of the legislation and the manner in which it will operate is not yet known.

Giralia does not have any production revenues

To date, Giralia has not recorded any revenues from its projects nor has Giralia commenced commercial production on any of its properties. There can be no assurance Giralia will be profitable in the future.

Native Title risks

It is possible that, in relation to tenements which Giralia has an interest in or will in the future acquire such an interest, there may be areas over which legitimate native title rights of Indigenous Australians exist. If native title rights do exist, the ability of Giralia to gain access to tenements or to progress operations may be affected.

General investment risks

Economic risk

General economic conditions in Australia and internationally, movements in interest, inflation and currency exchange rates, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws and changes to dividend imputation in Australia may have an adverse effect on Giralia's exploration, development and future production activities, as well as on its ability to fund those activities.

Market conditions

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither Giralia nor the Directors warrant the future performance of Giralia or any return on an investment in Giralia.

5.7. No alternative proposals

If you accept the Atlas Offer, you may forfeit the opportunity to benefit from any Superior Proposal made by another bidder for your Giralia Shares, if such an offer eventuates.

Giralia Shareholders should note that your Directors' recommendation is subject to the absence of a Superior Proposal regarding your Giralia Shares. As at the date of this Target's Statement, no competing or Superior Proposal had been received by the Giralia Board or is currently under consideration by the Giralia Board. Your Directors are also not aware of any other offer or proposal which might be made as an alternative to the Atlas Offer. Should such a proposal arise, your Directors will reconsider their recommendation and inform you accordingly.

5.8. Transaction expenses

The Atlas Offer has resulted in Giralia incurring expenses that would not otherwise arise from trading in the current financial year. These expenses are anticipated to include legal, financial and tax advisers engaged to assist in this transaction and other transaction related expenses which will have a negative impact on the after tax earnings in the current financial year.

5.9. Market trading

Giralia Shareholders who accept the Atlas Offer (even while the Atlas Offer is conditional) will be giving up their rights to sell or otherwise deal with their Giralia Shares (see Sections 2.12, 2.15 and 2.16).

5.10. Payment

No payment for the Giralia Shares tendered into the Atlas Offer will be made until after the Atlas Offer becomes unconditional. If the Atlas Offer becomes unconditional, you will be paid under the Atlas Offer on or before the earlier of:

- the day 1 month after the date of your acceptance of the Atlas Offer or, if the Atlas Offer is subject to an Offer Condition when accepted, 1 month after the contract resulting from your acceptance of the Atlas Offer becomes unconditional; and
- the day 21 days after the end of the Atlas Offer Period.

See Section 11.19 of the Bidder's Statement for further details on when you will be sent your payment from Atlas.

5.11. Ineligible Foreign Shareholders

Certain foreign holders of Giralia Shares will not be entitled to receive Atlas Shares on accepting the Atlas Offer. If you are an Ineligible Foreign Shareholder and you accept the Atlas Offer, you will receive the net cash sale proceeds from the sale of the Atlas Shares which form part of the sale consideration and which you would otherwise have received. See Section 11.2 and the "Important Information" section of the Bidder's Statement for further details.

6. Australian taxation consequences of accepting the Atlas Offer

6.1. Introduction

The following summary of potential tax consequences of accepting the Atlas Offer is based on current Australian taxation law as at the date of the Target's Statement and is general in nature. Giralia Shareholders should obtain and rely on their own taxation advice in relation to the taxation consequences of disposing of their Giralia Shares under the terms of the Atlas Offer.

In particular, the summary does not cover the tax consequences of accepting the Atlas Offer for:

(i) Giralia Shareholders who are non-residents or temporary residents of Australia for tax purposes;

(ii) Giralia Shareholders who hold their Giralia Shares on revenue account or as trading stock;

(iii) Giralia Shareholders who acquired their Giralia Shares through an employee share scheme (or similar); or

(iv) Giralia Optionholders.

Such Giralia Shareholders or Giralia Optionholders should seek their own professional taxation advice on the tax consequences of accepting the Atlas Offer.

6.2. Australian taxation consequences for Australian resident Giralia Shareholders

Shares held on capital account

Acceptance of the Atlas Offer will result in a disposal for capital gains tax (CGT) purposes. The tax consequences of disposing of Giralia Shares under the Atlas Offer for Australian resident Giralia Shareholders who hold their Giralia Shares on capital account will depend on whether or not scrip for scrip rollover relief is available or chosen and which alternative form of consideration is elected.

(a) No scrip for scrip rollover relief available or chosen

The disposal of Giralia Shares under the Atlas Offer will result in a disposal at the date the contract is entered into. Capital proceeds of the disposal will be either:

(i) the market value of the All Scrip Alternative of 1.50 Atlas Shares for each Giralia Share at the date the contract is entered into; or

(ii) the market value of the Scrip and Cash Alternative of 1.33 Atlas Shares and $0.50 for each Giralia Share at the date the contract is entered into.

The CGT cost base will generally include the cost of acquiring the Giralia Shares plus any other incidental acquisition costs. Giralia Shareholders who have received returns of capital while holding Giralia Shares should also ensure that the CGT cost base has been appropriately adjusted.

Without application of the scrip-for-scrip rollover provisions (refer to (b) below), Giralia Shareholders will derive a capital gain if the capital proceeds are greater than the CGT cost base of their Giralia Shares or incur a capital loss if the capital proceeds are less than the reduced CGT cost base of their Giralia Shares.

Giralia Shareholders may be able to offset any capital gain with any current or prior year capital losses, subject to the loss utilisation rules that may apply.

Giralia Shareholders who acquired their Giralia Shares before 11.45am on 21 September 1999 may choose to apply indexation to the CGT cost base of their Giralia Shares in calculating any capital gain (but not a capital loss). Indexation has been frozen since 30 September 1999. Applying indexation renders a shareholder ineligible to use the general CGT discount (see further below).

Alternatively, a Giralia Shareholder who is an individual, trust or complying superannuation fund, and has held their Giralia Shares for at least one year may choose to apply the general CGT discount. Utilisation of the general CGT discount will result in individuals and trusts only including 50% (complying superannuation funds 66⅔%) of the capital gain in their assessable income. Capital losses must be deducted before applying any CGT discount.

For CGT purposes, Atlas Shares acquired as a result of acceptance of the Atlas Offer will be taken to have been acquired at the time the contract was entered into.

(b) Scrip for scrip rollover relief

Scrip for scrip rollover relief may apply when a taxpayer exchanges interests (the original interest in the original entity) for replacement interests in another entity (the replacement interest in the replacement entity) in consequence of a single arrangement.

The single arrangement must result in the acquiring entity (Atlas) ultimately acquiring at least 80% of the voting shares in the original entity (Giralia).

Additionally, the arrangement must be one in which all the owners of voting shares in the original entity are able to participate, and on substantially the same terms.

For rollover relief to be available the taxpayer must have acquired their original interest on or after 20 September 1985 and aside from the potential application of the rollover relief would otherwise make a capital gain as a result of the Atlas Offer completing.

To the extent that scrip for scrip rollover relief is utilised by a taxpayer, any capital gain made as a result of the single arrangement is ignored. Further, the cost base of the replacement interest is determined by reasonably attributing to it the CGT cost base (or part of it) of the original interest for which a rollover was obtained.

A taxpayer can obtain a partial rollover when they receive something other than its replacement interest (in this case cash). In such circumstances, the capital gain or loss derived or incurred as a result of receiving such ineligible capital proceeds is calculated by comparing the total ineligible proceeds received with the CGT cost base reasonably attributable to the ineligible capital proceeds.

A capital gain will result if the ineligible proceeds are greater than the attributed CGT cost base. A capital loss will result if the ineligible proceeds are less than the attributed CGT cost base.

The cost base of the replacement interests received under partial scrip for scrip rollover is determined by attributing on a reasonable basis the CGT cost base of the original interests that were exchanged for the replacement interests.

Scrip for scrip rollover relief does not apply automatically and must be elected. The election to utilise scrip for scrip rollover relief is evidenced by the manner in which the tax return for the relevant income year is prepared.

One of the conditions of the Atlas Offer is that Atlas must acquire at least 90% of the shares on issue in Giralia (90% Acceptance Condition). If this condition is satisfied then Atlas will have acquired at least 80% of the voting interests in Giralia and will therefore have satisfied this pre-requisite for scrip for scrip rollover relief.

As all Giralia Shares were acquired after 19 September 1985 and the Atlas Offer is available to all Giralia Shareholders on the same terms, Giralia Shareholders who notionally derive a capital gain as a result of the Atlas Offer may be entitled to utilise scrip for scrip to defer the capital gain.

Atlas will be able to compulsorily acquire any outstanding Giralia Shares for which it has not received acceptances on the same terms as the Atlas Offer if during, or at the end of, the Offer Period Atlas (taken together with its associates):

- has a relevant interest in at least 90% (by number) of the Giralia Shares; and
- has acquired at least 75% (by number) of the Giralia Shares for which it has made an Atlas Offer.

The tax consequences of compulsory acquisition may not be the same as those for agreeing to accept the Atlas Offer and Giralia Shareholders who dispose of their Giralia Shares as a result of compulsory acquisition should seek specific taxation advice.

Atlas has the right to waive the 90% Acceptance Condition. Should Atlas waive this condition (assuming all other conditions to the Offer are satisfied or waived) and ultimately acquire less than 80% of the Giralia Shares on issue pursuant to the Atlas Offer, no Giralia Shareholder will be able to avail themselves of scrip-for-scrip relief.

When scrip for scrip rollover relief is chosen, the time of acquisition of the replacement interests (Atlas Shares) is taken to be the time of acquisition of the original interests (Giralia Shares) for CGT purposes.

(c) All Scrip Alternative

If a Giralia Shareholder elects to receive the All Scrip Alternative and would otherwise have a capital gain, they may elect for complete scrip for scrip rollover relief.

The effect of this will be that no amount will be included in their assessable income as a result of acceptance of the Atlas Offer and that the CGT cost base of the Atlas Shares acquired will be the same as the CGT cost base of the Giralia Shares previously held.

(d) Scrip and Cash Alternative

If a Giralia Shareholder elects to receive the Scrip and Cash Alternative and would otherwise have a capital gain, they may elect for partial scrip for scrip rollover relief.

The CGT cost base of the Giralia Shares must be apportioned between the amount that is eligible for the rollover (the market value of the Atlas Shares) and the amount that is not eligible (the cash proceeds).

Giralia Shareholders who elect to utilise partial rollover relief will ignore any capital gain made in respect of the Atlas Shares component of the Atlas Offer and will include in their assessable income the gain referable to the cash component of the Atlas Offer.

The CGT cost base of the Atlas Shares acquired will be the portion of the CGT cost base of the Giralia Shares that is eligible for scrip for scrip rollover. That is, the amount of the cost base that is attributable to the market value of the Atlas Shares becomes the cost base of those shares.

6.3. GST

No GST should apply to the disposal of any Giralia Shares. However GST may be payable on some costs incurred in relation to disposing of any Giralia Shares.

Giralia Shareholders who are registered for GST may not be able to claim all of the input tax credits in respect of any GST paid that relates to the transfer of Giralia Shares.

No GST is payable in respect of the acquisition of the Atlas Shares.

6.4. Stamp Duty

No stamp duty should apply to the disposal of Giralia Shares or the issue of Atlas Shares under the Atlas Offer.

7. Information about the Atlas Offer

7.1. Atlas Offer consideration

The consideration being offered under the Atlas Offer is:

- 1.50 Atlas Shares; or
- 1.33 Atlas Shares and $0.50 cash,

for every Giralia Share held by Giralia Shareholders, with each Giralia Shareholder to have the right to elect as to which of these forms of consideration, or combination of them, they will receive.

Giralia Shareholders may specify that

- the Scrip and Cash Alternative or the All Scrip Alternative applies in respect of all of their Giralia Shares; or
- the Scrip and Cash Alternative applies to some, and the All Scrip Alternative applies to the rest, of their Giralia Shares.

If you accept the Atlas Offer but do not specify which one or combination of the consideration alternatives you wish to receive, you will, subject to Sections 11.22 and 11.23 of the Bidder's Statement, be treated as having chosen the All Scrip Alternative for each of your Giralia Shares.

Certain foreign holders of Giralia Shares will not be entitled to receive Atlas Shares on accepting the Atlas Offer. If you are an Ineligible Foreign Shareholder and you accept the Atlas Offer, you will receive the net cash sale proceeds from the sale of the Atlas Shares which form part of the sale consideration and which you would otherwise have received. See Section 11.2 and the "Important Information" section of the Bidder's Statement for further details.

7.2. Conditions of the Atlas Offer

The Offer Conditions are set out in full in Section 11.12 of the Bidder's Statement. A summary of the Offer Conditions is as follows:

- 90% minimum acceptance: During, or at the end of, the Offer Period Atlas and its Associates has a relevant interest in such number of Giralia Shares which represents at least 90% of the aggregate of all the Giralia Shares (disregarding any relevant interest that Atlas has merely because of the operation of section 608(3) of the Corporations Act).
- No Prescribed Occurrences: No Prescribed Occurrence happens during the period beginning on the Announcement Date and ending at the end of the Offer Period.

  Prescribed Occurrences do not include any occurrences fairly disclosed to Atlas on or before the date of the Bid Implementation Agreement (including as a result of disclosures to ASX), occurring as a result of anything required by the Bid Implementation Agreement, or approved in writing by Atlas.
- No regulatory actions: During the Condition Period, there are no decisions, orders, decrees issued; no actions or investigation threatened or instituted; and no application is made to any Public Authority (other than by Atlas, an application under Section 657G of the Corporations Act or an application commenced by a person specified in section 659B(1) of the Corporations Act in relation to the Bid) in consequence of, or in connection with, the Bid, which restrains or prohibits or threatens to restrain or prohibit, or may otherwise materially adversely impact upon, the making of the Bid or the completion of any transaction contemplated by the Bidder's Statement or seeks to require the divestiture by Atlas of any Giralia Shares, or the divestiture of any assets by Giralia or by any subsidiary of Giralia or by any company within the Atlas Group.
- Approvals: During the Condition Period Atlas receives all approvals which are required by law or any Public Authority to permit the Atlas Offer to be made to and accepted by Giralia Shareholders or which are required for the continued operation of the business of Giralia and its subsidiaries or of Atlas and its subsidiaries.
- No material acquisitions, disposals or new commitments: Except for any proposed transaction publicly announced by Giralia before the Announcement Date and for any event specified in the FY11 Budget, none of the following events occur during the period from that date to the end of the Offer Period without the written consent of Atlas (not to be unreasonably withheld or delayed):

  (i) Giralia, or any subsidiary of Giralia, acquires, offers to acquire or agrees to acquire one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than $1,000,000 or makes an announcement about such an acquisition;

(ii) Giralia, or any subsidiary of Giralia, disposes, offers to dispose or agrees to dispose of, or creates, or offers to create an equity interest in one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than $1,000,000 or makes an announcement about such a disposal;

(iii) Giralia, or any subsidiary of Giralia, enters into, offers to enter into or announces that it proposes to enter into any joint venture or partnership or dual listed company structure, or makes an announcement about such a commitment; or

(iv) Giralia , or any subsidiary of Giralia, incurs or commits to, or grants to another person a right the exercise of which would involve Giralia incurring or committing to any capital expenditure or liability for one or more related items of greater than $1,000,000 or makes an announcement about such a commitment,

provided that in the case of conditions (i), (ii) and (iv) from the expiry of the 6 month period commencing on the Announcement Date to the end of the Offer Period, the aggregate amount of each threshold will increase to $3,000,000.

- No material failings in filings: Atlas does not become aware, during the Condition Period, that any document filed by or on behalf of Giralia with ASX or ASIC contains a statement which is incorrect or misleading in any material particular or from which there is a material omission (in such circumstance, materiality being determined by reference to the business and assets of Giralia taken as a whole).
- No break fees: During the Condition Period none of Giralia, and any body corporate which is or becomes a subsidiary of Giralia, pays or provides or agrees (whether conditionally or contingently) to pay or provide any benefit to any person, or foregoes or otherwise reduces any payment or benefit or agrees to forgo or reduce any payment or benefit to which it would otherwise be entitled, in connection with any person making or agreeing to participate in, or enter into negotiations concerning:

(i) a takeover offer for Giralia or any body corporate which is or becomes a subsidiary of Giralia; or

(ii) any other proposal to acquire any interest (whether equitable, legal, beneficial or economic) in shares in, or assets of, Giralia or any body corporate which is or becomes a subsidiary of Giralia, or to operate Giralia as a single economic entity with another body corporate.

This condition does not apply to a payment, benefit or agreement for providing professional services to Giralia; which is approved in writing by Atlas; which is approved by a resolution passed at a general meeting of Giralia; or which is made to, provided to, or owed by or made with Atlas.

- Non-existence of certain rights: No person has any right, as a result of Atlas acquiring Giralia Shares, to:

(i) acquire, or require Giralia to dispose of, or offer to dispose of, any material asset of Giralia or a subsidiary of Giralia;

(ii) terminate or vary any material agreement with Giralia or a subsidiary of Giralia; or

(iii) accelerate or adversely modify the performance of any obligations of Giralia or any of its subsidiaries in a material respect under any material agreements, contracts or other legal arrangements.

- Conduct of Giralia's business: During the Condition Period, none of Giralia, or any body corporate which is or becomes a subsidiary of Giralia, without the written consent of Atlas:

(i) declares or distributes any dividend, bonus or other share of its profits or assets;

(ii) issues or grants options over or agrees to issue or grant options over, or otherwise makes any commitments regarding any shares or other securities, or alters its capital structure or the rights attached to any of its shares or other securities, or issues or agrees to issue any convertible notes, other than the issue of Giralia Shares upon the exercise of Giralia Options;

(iii) amends its constitution or proposes a special resolution;

(iv) encumbers or agrees to encumber any of its assets (other than in the ordinary course of business);

(v) borrows any money (other than in the ordinary course of business);

(vi) releases, discharges or modifies any substantial obligation to it of any person, firm or corporation or agrees to do so;

(vii) has appointed any additional director to its board, or enters or agrees to enter into any contract of service, or varies or agrees to vary any existing contract with any director or manager;

(viii) conducts its business otherwise than in the ordinary course;

(ix) has threatened or commenced against it any material claims or proceedings; or

(x) executes a deed of company arrangement, passes any resolution for liquidation or has an administrator, receiver or manager appointed.

- **No force majeure event:** During the Condition Period, no force majeure event occurs which materially affects or is likely to materially affect the assets, liabilities, financial position, performance, profitability or prospects of Giralia or any of its subsidiaries.
- **No Material Adverse Change:** During the Condition Period, no Material Adverse Change occurs, is discovered, or becomes public.
- **Giralia Options:** During the Condition Period, either:

(i) all Giralia Options have been exercised, cancelled or transferred to Atlas or agreement has been reached between Atlas, Giralia and the holders of the Giralia Options to do so; or

(ii) Atlas is entitled to compulsorily acquire all outstanding Giralia Options in accordance with Chapter 6A of the Corporations Act.

7.3. Likelihood of satisfaction of the Offer Conditions

As at the date of this Target's Statement, Giralia is not aware of any act, omission, event or fact that would result in the breach or non-satisfaction of an Offer Condition.

While the Directors have no reason to believe that the Offer Conditions will not be satisfied, Giralia is not in a position to state whether the Offer Conditions will be satisfied.

7.4. Implications of Offer Conditions not being satisfied

If any Offer Condition is unsatisfied (or has been triggered), Atlas will have a choice either to waive the Offer Condition and proceed with the Atlas Offer or to allow the Atlas Offer to lapse with unsatisfied Offer Conditions.

7.5. Offer Period

The Atlas Offer will be open for acceptance from 12 January 2011 until 5.00pm (Perth time) on 14 February 2011, unless extended or withdrawn.

7.6. Withdrawal of your acceptance

If you accept the Atlas Offer (even while it remains subject to the Offer Conditions) you will not be able to sell your Giralia Shares on market or otherwise deal with your Giralia Shares (including by accepting any higher takeover bid that may be made by a third party or any alternative transaction proposal that may be recommended by the Giralia Board), subject to your limited statutory rights to withdraw your acceptance in certain circumstances.

Giralia Shareholders may only withdraw their acceptance of the Atlas Offer if:

- the Offer Conditions are not satisfied or waived by the end of the Offer Period - in that situation, you will be free to deal with your Giralia Shares; or
- Atlas varies the Atlas Offer in a way that postpones the time when Atlas is required to satisfy its obligations by more than one month, for example if Atlas extends the Offer Period by more than one month, while the Atlas Offer is still conditional.

7.7. Notice of status of Offer Conditions

Section 11.17 of the Bidder's Statement indicates that, as required by section 630(1) of the Corporations Act, Atlas will give a notice of status of Offer Conditions (*Conditions Notice*) to ASX and Giralia on 4 February 2011.

Atlas is required to set out in its Conditions Notice:

- whether the Atlas Offer is free from the Offer Conditions;
- whether, so far as Atlas knows, the Offer Conditions have been fulfilled on the date the Conditions Notice is given; and
- Atlas' voting power in Giralia.

If the Offer Period is extended by a period before the date by which the Conditions Notice is to be given, the date for giving the Conditions Notice will be taken to be postponed for the same period. In the event of such an extension, Atlas is required, as soon as practicable after the extension, to give a notice to ASX and Giralia that states the new date for the giving of the Conditions Notice. If a condition is fulfilled (so that the Atlas Offer becomes free of that condition) during the Offer Period but before the date on which the Conditions Notice is required to be given, Atlas must, as soon as practicable, give ASX and Giralia a notice that states that the particular condition has been fulfilled.

7.8. Giralia Options

The Atlas Offer extends to Giralia Shares issued on the exercise of Giralia Options prior to the end of the Offer Period. If you hold Giralia Options and wish to accept the Atlas Offer, you must ensure that your Giralia Options are exercised in sufficient time to allow you to be issued with Giralia Shares before the end of the Offer Period.

To exercise your Giralia Options, you must complete the option exercise form attached to the terms and conditions of your Giralia Options and deliver it, together with payment for the number of Giralia Shares in respect of which the Giralia Options are exercised, to the registered office of Giralia. If you do not have an option exercise form one can be obtained by contacting Giralia.

In addition, the Bid Implementation Agreement requires that prior to the Atlas Offer becoming unconditional, Atlas must make an offer to acquire all of the Giralia Options (outstanding as at such date) from each Giralia Optionholder or seek such Giralia's Optionholder's consent to cancel their Giralia Options. Therefore, an alternative to exercising your Giralia Options would be to enter into an agreement with Atlas to dispose of or cancel your Giralia Options.

Under the terms of the Bid Implementation Agreement, the consideration to acquire the Giralia Options is to be agreed between the Giralia Optionholder and Atlas, however the consideration offered by Atlas must not be less than the amount set out below:

Giralia Option	Consideration (ratio of Atlas Shares to Giralia Options)
Unlisted options exercisable at $0.666 on or before 30 June 2011	1.281
Unlisted options exercisable at $0.987 on or before 30 June 2011	1.175
Unlisted options exercisable at $0.738 on or before 30 June 2012	1.274
Unlisted options exercisable at $1.438 on or before 31 December 2012	1.129

Under the terms on which the Giralia Options were issued, if Atlas acquires a relevant interest in at least 90% of the Giralia Shares during, or at the end of, the Offer Period, then all outstanding Giralia Options will automatically expire on the day which is 30 days after Atlas acquires a relevant interest in not less than 90% of the Giralia Shares on issue.

You should obtain your own financial and taxation advice before taking any action in regard to your Giralia Options.

7.9. Compulsory acquisition

As at the date of its Bidder's Statement, Atlas has stated that, if it becomes entitled to do so, it intends to proceed to compulsorily acquire outstanding Giralia Shares under Part 6A.1, Division 1 of the Corporations Act, following the Bid, or alternatively, pursuant to Part 6A.2, Division 1 of the Corporations Act. See Section 5.2 of the Bidder's Statement for further details of Atlas' intentions.

Under section 661A(1) of the Corporations Act, Atlas will be able to compulsorily acquire any outstanding Giralia Shares for which it has not received acceptances on the same terms as the Atlas Offer if during, or at the end of, the Offer Period Atlas (taken together with its Associates):

- has a relevant interest in at least 90% (by number) of the Giralia Shares; and
- has acquired at least 75% (by number) of the Giralia Shares for which it has made an Atlas Offer.

If the above thresholds are met, Atlas will have one month from the end of the Offer Period within which to give compulsory acquisition notices to Giralia Shareholders who have not accepted the Atlas Offer. The consideration payable by Atlas will be the consideration last offered under the Atlas Offer immediately before:

(a) the issue of the compulsory acquisition notice (if the notice is given before the end of the Offer Period); or

(b) the end of the Offer Period (if the compulsory acquisition notice is given after the end of the Offer Period).

If Atlas does not become entitled to compulsorily acquire Giralia Shares in accordance with the above procedures, it may nevertheless become entitled to exercise general compulsory acquisition rights under Part 6A.2 Division 1 of the Corporations Act.

Giralia Shareholders may challenge any compulsory acquisition, but this would require the relevant Giralia Shareholders to establish to the satisfaction of a court that the terms of the Atlas Offer do not represent fair value for the Giralia Shares. If Giralia Shares are compulsorily acquired, Giralia Shareholders are not likely to receive any payment until at least one month after the compulsory acquisition notices are sent.

Giralia Shares issued upon exercise of Giralia Options

If Atlas proceeds to compulsory acquisition under section 661A(1) of Part 6A.1, Division 1 of the Corporations Act:

- Atlas must acquire the Giralia Shares issued on exercise of Giralia Options before the end of the Offer Period;
- Atlas may elect to acquire the Giralia Shares issued on exercise of Giralia Options after the Offer Period has expired but before the compulsory acquisition notice is issued; and
- Atlas may elect to acquire the Giralia Shares issued on exercise of Giralia Options within 6 weeks after the compulsory acquisition notice is issued.

Atlas has indicated in section 5.2 of its Bidder's Statement that if, as a result of the Atlas Offer, it becomes entitled to compulsorily acquire Giralia Shares which come into existence within the period of six weeks after Atlas gives a compulsory acquisition notice due to the conversion of, or exercise of, the Giralia Options, it presently intends to do so.

Atlas has also indicated in section 5.2 of its Bidder's Statement that if, as a result of the Atlas Offer, it becomes entitled, pursuant to Part 6A.2, Division 1 of the Corporations Act, to compulsorily acquire Giralia Shares which come into existence after the period of six weeks after Atlas gives a compulsory acquisition notice due to the conversion of, or exercise of, the Giralia Options, it presently intends to do so.

Compulsory acquisition of Giralia Options

If Atlas acquires a sufficient number of Giralia Shares so that it and its Associates are, for the purposes of section 664A of Part 6A.2, Division 1 of the Corporations Act, a "90% holder", Atlas will be entitled to compulsorily acquire all of the Giralia Options. At the date of Atlas' Bidder's Statement, Atlas stated that its intention was to exercise this general compulsory acquisition power if it becomes entitled to do so.

In addition, under the terms on which the Giralia Options were issued, if Atlas acquires a relevant interest in at least 90% of the Giralia Shares during, or at the end of, the Offer Period, then all outstanding Giralia Options will automatically expire on the day which is 30 days after Atlas acquires a relevant interest in not less than 90% of the Giralia Shares on issue.

8. Interests of Directors

8.1. Interests of Directors in securities in Giralia

The number and description of securities in Giralia in which each of the Directors has a relevant interest is set out in the table below.

Director	Fully Paid Ordinary Shares	
	Number Directly Held	Number Beneficially Held
G D Riley	Nil	3,388,952
S A Macdonald	6,159,520	210,000
R M Joyce	Nil	3,830,000

8.2. Dealings by Directors in Giralia securities

Except as set out below, there have been no acquisitions or disposals of securities in Giralia by any Director in the four months ending on the day preceding the date of this Target's Statement.

Director	Date	Transaction type	Number and type of securities	Price per security
R M Joyce	24/9/2010	Disposal on market	150,000 Fully Paid Ordinary Shares	$2.80
R M Joyce	28/9/2010	Acquisition pursuant to exercise of employee options	1,000,000 Fully Paid Ordinary Shares	$0.1435
R M Joyce	5/11/2010	Disposal on market	120,000 Fully Paid Ordinary Shares	$2.95
R M Joyce	9/11/2010	Acquisition pursuant to exercise of employee options	1,000,000 Fully Paid Ordinary Shares	$0.1935

8.3. Interests and dealings in Atlas securities

Except for Mr R M Joyce who beneficially holds 4,800 Atlas Shares, neither Giralia nor any Director has a relevant interest in securities of Atlas or any Related Body Corporate of Atlas.

There have been no acquisitions or disposals of securities in Atlas or any Related Body Corporate of Atlas by Giralia or any Director in the four months ending on the day preceding the date of this Target's Statement.

8.4. Benefits to Directors

As a result of the Atlas Offer, no benefit (other than a benefit permitted by section 200F or 200G of the Corporations Act and compulsory superannuation entitlements) has been paid or will be paid to any Director, secretary or executive officer in connection with the loss of, or their resignation from, their office.

8.5. Conditional agreements

Except as set out in this Target's Statement, no agreement has been made between any of the Directors and any other person in connection with or conditional upon the outcome of the Atlas Offer other than in their capacity as a Giralia Shareholder or Giralia Optionholder.

8.6. Acceptance and Option Deeds

The Directors (or their nominees) (each an ***Accepting Party***) have each entered into Acceptance and Option Deeds with Atlas for all of the Giralia Shares held or controlled by them (***Sale Shares***) (representing approximately 7.5% of the Giralia Shares on issue as at the date of this Target's Statement).

A non-exhaustive summary of the key terms of the Acceptance and Option Deeds is set out below and in Section 10.2 of the Bidder's Statement. The full terms of the Acceptance and Option Deeds are annexed to the Form 604 lodged by Atlas with ASX on 22 December 2010, available on the ASX website www.asx.com.au (ASX code: GIR).

Obligation to accept the Atlas Offer

Under the terms of the Acceptance and Option Deed, the Accepting Party undertakes to irrevocably accept the Atlas Offer in respect of their Sale Shares within five business days after the commencement of the Offer Period.

The Accepting Party also waives any rights he may have (including under section 650E of the Corporations Act) to withdraw his acceptance of the Atlas Offer in respect of his Sale Shares.

Restrictions on dealing with Sale Shares and non-solicitation

The Acceptance and Option Deed contains restrictions on the Accepting Party's ability to deal with their Sale Shares. Under the terms of the Acceptance and Option Deed, the Accepting Party agrees not to dispose of, transfer, encumber or otherwise deal with any of the Sale Shares except in accordance with the terms of the Acceptance and Option Deed or if the Acceptance and Option Deed is terminated as set out below.

In addition, the Accepting Party agrees that until the end of the Offer Period it will not approach, solicit, or encourage enquiries from, or initiate or encourage discussions with any person (other than Atlas and its Associates, officers and advisers) in relation to a proposal to acquire any or all of the Sale Shares. The Accepting Party is also under an obligation to promptly notify Atlas of any such proposal.

Termination of obligations and restrictions

The obligation to accept the Atlas Offer and the restrictions on dealing with the Sale Shares and non solicitation provisions automatically terminate if:

(a) the Atlas Offer lapses or expires because an Offer Condition has not been fulfilled at the end of the Offer Period; or

(b) the Atlas Offer is declared unconditional (or Atlas has notified that all the Offer Conditions have been satisfied) and the Accepting Party has accepted the Atlas Offer in respect of the Sale Shares.

Third Party Offer

The Accepting Party may, at any time prior to the Accepting Party accepting the Atlas Offer under the Acceptance and Option Deed, terminate the obligations to accept the Atlas Offer by written notice to Atlas if there is a Third Party Offer made at a price which exceeds the Atlas Offer consideration and Atlas has not within five business days of the Third Party Offer having been made, made an offer or announced an intention to make an offer which matches or exceeds that Third Party Offer consideration.

Call option

If:

(a) the obligation to accept the Atlas Offer by the Accepting Party under the Acceptance and Option Deed is terminated by reason of a Third Party Offer or the Atlas Offer lapsing or expiring because a defeating condition has not been fulfilled at the end of the Offer Period;

(b) the Atlas Offer lapses or expires; and

(c) at the time of the expiry or lapse of the Atlas Offer there exists one or more Third Party Offer(s) which exceed the Atlas Offer consideration,

then without any further action required by either party, the Accepting Party irrevocably grants to Atlas (or its Associate as Atlas may direct) a call option to acquire the Sale Shares held by that Accepting Party in accordance with the terms and conditions of the Acceptance and Option Deed.

The call option allows Atlas to require the Accepting Party to transfer the Sale Shares to Atlas, and may be exercised within the period commencing on (and including) the date on which the Atlas Offer lapses or expires and ending at 5pm (Perth time) two business days after that date (*Call Option Exercise Period*).

During the Call Option Exercise Period, the Accepting Party is restricted from dealing with the Sale Shares or any interests in the Sale Shares except to Atlas or its Associates or in accordance with the terms of the Acceptance and Option Deed.

8.7. Interests in contracts with Atlas

Except as set out elsewhere in this Target's Statement, no Director has any interest in any contract entered into by Atlas.

9. Additional information

9.1. Issued securities

The total number of securities in Giralia as at the date of this Target's Statement is as follows:

Number	Giralia Security
181,160,170	Fully paid ordinary shares
325,000	Unlisted options exercisable at $0.666 on or before 30 June 2011
550,000	Unlisted options exercisable at $0.987 on or before 30 June 2011
550,000	Unlisted options exercisable at $0.738 on or before 30 June 2012
500,000	Unlisted options exercisable at $1.438 on or before 31 December 2012

9.2. Bid Implementation Agreement

Giralia and Atlas have entered into the Bid Implementation Agreement which governs their relationship in relation to the Atlas Offer. A non-exhaustive summary of the key terms of the Bid Implementation Agreement is set out below and in Section 10.1 of the Bidder's Statement.

The full terms of the Bid Implementation Agreement can be viewed in the joint announcement made by Giralia and Atlas dated 21 December 2010 at www.asx.com.au (ASX code: GIR or AGO).

Exclusivity

Under the terms of the Bid Implementation Agreement, Giralia and Atlas have agreed to the following exclusivity arrangements.

No shop

During the Exclusivity Period, Giralia has agreed not to solicit, invite, facilitate, encourage or initiate any enquiries, negotiations or discussions, or communicate any intention to do any of those things, with a view to obtaining any expression of interest, offer or proposal from any other person in relation to a Competing Proposal.

No talk

Subject to the legal or fiduciary duties of the Giralia Directors, during the Exclusivity Period, Giralia must ensure that it does not negotiate or enter into, or continue or participate in negotiations or discussions with any other person regarding a Competing Proposal, even if the Competing Proposal was not directly or indirectly solicited, initiated or encouraged by Giralia, or the other person has publicly announced its Competing Proposal.

Disclosure of Competing Proposal

During the Exclusivity Period, Giralia must promptly notify Atlas in writing of any approach, inquiry or proposal made to, and any attempt to initiate negotiations or discussions with Giralia with respect to any bona fide Competing Proposal (whether unsolicited or otherwise), or any request for information relating to Giralia, which Giralia has reasonable grounds to suspect may relate to a current or future Competing Proposal.

Matching right

If, during the Exclusivity Period, Giralia receives a proposal in relation to a bona fide Superior Proposal, Giralia must notify Atlas of that fact and agrees that it will not, until the end of the third business day following receipt of such notice by Atlas, enter into any legally binding agreement with respect to the Superior Proposal. Atlas will have the right (at any time until the next business day following receipt of the notice) to offer to amend the terms of the Bid or propose any other transaction (each a *Counterproposal*), which the Giralia Board must review in good faith, subject to its fiduciary or statutory duties.

If Giralia determines that the Atlas Counterproposal is more favourable to Giralia Shareholders than the Superior Proposal, then if the Counterproposal contemplates an amendment to the Bid, the parties must enter into a document amending the Bid Implementation Agreement in relation to the Bid and reflecting the Counterproposal. If the Counterproposal contemplates any other transaction, Giralia is required to make an announcement recommending the Counterproposal (in the absence of a more favourable proposal) and pursue the implementation of the Counterproposal in good faith.

Cessation of existing discussions

In addition to the exclusivity arrangements outlined above, Giralia agreed to cease any discussions or negotiations relating to a Competing Proposal upon execution of the Bid Implementation Agreement.

Compensating Amount

Giralia has agreed to pay Atlas a compensating amount of $8,000,000 (plus the amount of any GST payable) if:

(a) Giralia accepts or enters into or offers to accept or enter into, any agreement, arrangement or understanding regarding a Competing Proposal;

(b) any Director does not recommend the Atlas Offer or withdraws or adversely modifies an earlier recommendation (unless the Independent Expert opines at any time that the Atlas Offer is other than fair and reasonable) or approves or recommends or makes an announcement in support of a Competing Proposal or announces an intention to do any of these acts;

(c) Giralia or any of its directors does (or omits to do) anything which results in any of the Offer Conditions being breached and Atlas does not declare the Atlas Offer free of the breached condition (which Atlas is under no obligation to do); or

(d) Giralia breaches any of clauses 1 (dealing with Giralia's assessment of the Bid and the intentions of the Giralia Board), 2.7 (obligating Giralia to support and promote the Bid), 5 (exclusivity arrangements), 6 (obligations with respect to the FY11 Budget) and 8 (warranties provided by Giralia) of the Bid Implementation Agreement.

No compensating amount is payable by Giralia where Giralia terminates the Bid Implementation Agreement in accordance with clause 11 of the Bid Implementation Agreement (as described below).

Atlas has agreed to pay Giralia a compensating amount of $8,000,000 (plus the amount of any GST payable) if it fails to proceed with the takeover bid, except as a result of:

(a) the occurrence of an event or circumstance which would entitle Atlas to the payment of the compensating amount by Giralia under the terms of the Bid Implementation Agreement; or

(b) the termination of the Bid Implementation Agreement by Atlas in the circumstances set out below.

Fiduciary exceptions

The undertaking to pay a compensating amount by either Giralia or Atlas described above does not apply where Giralia or Atlas is required to do or refrain from doing anything where doing or refraining from doing that thing would, or is reasonably likely to, in the reasonable opinion of the Giralia or Atlas Board (as applicable), involve a breach of their directors' duties.

Termination

Either party may terminate the Bid Implementation Agreement if the other party is in material breach of the Bid Implementation Agreement (unremedied for 10 business days after receipt of a notice detailing the breach and the intention to terminate), if a court or other Public Authority issues a final and non-appealable order or ruling, or takes an action which permanently restrains or prohibits the Atlas Offer, and if Atlas withdraws the Atlas Offer for any reason including non-satisfaction of an Offer Condition.

Atlas may terminate the Bid Implementation Agreement if a Superior Proposal is made or publicly announced for Giralia by a third party, or any member of the Giralia Board does not recommend the Atlas Offer be accepted by Giralia Shareholders, or having recommended the Atlas Offer, changes his recommendation in relation to the Atlas Offer.

Giralia may terminate the Bid Implementation Agreement if the Independent Expert at any time opines other than that the Atlas Offer is fair and reasonable (subject to the consultation obligation described below) or an Atlas Prescribed Occurrence occurs. If the Independent Expert opines that the Atlas Offer is other than fair and reasonable and the Giralia Board elects to amend its recommendation, Giralia must first consult with Atlas regarding whether Atlas is prepared to amend the Bid before exercising its right to terminate.

Board appointments

Conditional upon Atlas declaring the Atlas Offer to be free from all Offer Conditions and Atlas having a relevant interest in at least 90% of the issued share capital of Giralia (on a fully diluted basis) under the terms of the Bid Implementation Agreement, Atlas will have the right to nominate any person or persons to be appointed as a director on the Giralia Board and Atlas will invite a member of the Giralia Board to be appointed as a director of the Atlas Board.

FY11 Budget

Giralia has agreed under the terms of the Bid Implementation Agreement that, during the period covered by the FY11 Budget, it must not deviate from, amend or vary the FY11 Budget by an amount in excess of 10% without Atlas' prior written consent (not to be unreasonably withheld).

Giralia employees

In the event that Atlas obtains control of Giralia (according to the concept of control in section 50AA of the Corporations Act), under the terms of the Bid Implementation Agreement Atlas has agreed that it will not take any action to terminate the existing employment agreement of any Giralia employee (except as permitted for cause under the terms of employment of such employee), make any position held by any employee of Giralia as at the Announcement Date redundant, or reduce or adversely vary the terms and conditions of employment of any employee as at the Announcement Date, unless the employee is a Director or officer of Giralia.

Atlas has stated its intention in relation to the future employment of the present employees of Giralia in Section 5 of its Bidder's Statement.

Representations and warranties

Each of Atlas and Giralia gives standard warranties to the other for agreements of the nature of the Bid Implementation Agreement, including as to their legal capacity to enter into the agreement and the accuracy of certain due diligence information provided by each party to the other.

9.3. Latest financial results and change of financial position

Giralia's last published audited financial statements are for the year ended 30 June 2010 as lodged with ASX on 13 October 2010. Giralia Shareholders should read those statements in full (including the notes to those statements).

Giralia's cash position at 31 December 2010 was $54.46 million and the value of its equity investments had increased to $19.64 million.

Except as disclosed in this Target's Statement and any announcement made by Giralia since 13 October 2010, the Directors are not aware of any material change to Giralia's financial position as disclosed in Giralia's audited financial statements for the year ended 30 June 2010 lodged with ASX on 13 October 2010.

9.4. Financial information about Atlas

Please refer to Section 2.4 of the Bidder's Statement for historical financial information relating to Atlas.

9.5. Forecast financial information

Giralia has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information. Your Directors have concluded that, as at the date of this Target's Statement, it would be misleading to provide forecast financial information for the Giralia Group, as a reasonable basis does not exist for providing forecasts that would be sufficiently meaningful and reliable as required by applicable law, policy and market practice.

9.6. Acceptance deeds

As at the date of this Target's Statement, Atlas has entered into acceptance deeds with the following three Giralia Shareholders with respect to certain Giralia Shares held by them:

(a) B R Acutt Pty Ltd;

(b) Adelaide Prospecting Pty Ltd; and

(c) Yandal Investments Pty Ltd.

Mr Bruce Acutt, the company secretary of Giralia, is the sole director and shareholder of B R Acutt Pty Ltd.

In accordance with the terms of these acceptance deeds, each of the abovementioned Giralia Shareholders has accepted the Atlas Offer in respect of certain of their Giralia Shares. A summary of the acceptance deeds is set out in Section 10.3 of the Bidder's Statement and the full terms are annexed to the Form 604 lodged by Atlas with ASX on 7 January 2011 and available from the ASX website (www.asx.com.au, ASX code: GIR). According to the Form 604, together with the Acceptance and Option Deeds referred to in Section 8.6 of this Target's Statement, this gives Atlas voting power of 9.05% in Giralia.

9.7. Disclosing entity

Giralia is a "disclosing entity" under the Corporations Act and as such is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules.

Copies of the documents filed with the ASX may be obtained from the ASX website at www.asx.com.au (ASX code: GIR) and Giralia's website at www.giralia.com.au.

Copies of documents lodged with ASIC in relation to Giralia may be obtained from, or inspected at, an ASIC office.

Giralia Shareholders may obtain a copy of:

- the 2010 Annual Report;
- Giralia's constitution; and
- any document lodged by Giralia with the ASX between the release of the 2010 Annual Report to the ASX and the date of this Target's Statement,

free of charge from Giralia upon request by contacting the Giralia Shareholder Information Line or on the ASX website at www.asx.com.au (ASX code: GIR).

9.8. Potential impact of Atlas Offer on material contracts

So far as the Directors are aware, none of Giralia's material contracts have a change of control clause which will be triggered if Atlas is successful in acquiring control of Giralia, giving the counterparty the ability to terminate the contract or which may have a material adverse effect on the assets and liabilities, financial position and performance, profits and losses and prospects of Giralia. However, Giralia has not been able to undertake a detailed review of all contracts to which members of the Giralia Group are a party and, accordingly, no assurance can be given that there are no such contracts that are material.

9.9. Material litigation

As at the date of this Target's Statement, the Directors are not aware of any material litigation or potential material litigation involving Giralia or any member of the Giralia Group.

9.10. ASX waiver

ASX Listing Rule 6.23.2 provides that the cancellation of unlisted options for consideration requires the approval of shareholders.

Giralia intends applying to ASX for a waiver of ASX Listing Rule 6.23.2 to permit Atlas to enter into agreements with each holder of Giralia Options to cancel those options as contemplated by Section 7.8 of this Target's Statement.

9.11. Early dispatch of Bidder's Statement

The Directors of Giralia agreed that Atlas may send the Bidder's Statement to Giralia Shareholder earlier than would otherwise be permitted under the Corporations Act.

9.12. Other material information

This Target's Statement is required to include all the information that Giralia Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Atlas Offer, but:

- only to the extent to which it is reasonable for Giralia Shareholders and their professional advisers to expect to find this information in this Target's Statement; and
- only if the information is known to any Director.

The Directors are of the opinion that the information that Giralia Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Atlas Offer is:

- the information contained in the Bidder's Statement;
- the information contained in Giralia's releases to ASX prior to the date of this Target's Statement; and
- the information contained in this Target's Statement (including the information contained in the Independent Expert's Report).

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken to be endorsing, in any way, any or all of the statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- the nature of the Giralia Shares;
- the matters that Giralia Shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to Giralia Shareholders' professional advisers; and
- the time available to Giralia to prepare this Target's Statement.

9.13. Consents

Grant Louw has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, his written consent to be named in this Target's Statement as a Competent Person in the form and context he is so named. Grant Louw takes no responsibility for any part of this Target's Statement other than any reference to his name.

Chris Allen has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, his written consent to be named in this Target's Statement as a Competent Person in the form and context he is so named. Chris Allen takes no responsibility for any part of this Target's Statement other than any reference to his name.

Malcolm Titley has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, his written consent to be named in this Target's Statement as a Competent Person in the form and context he is so named. Malcolm Titley takes no responsibility for any part of this Target's Statement other than any reference to his name.

CSA Global Pty Ltd has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as the employer of Grant Louw, Chris Allen and Malcolm Titley. CSA Global Pty Ltd takes no responsibility for any part of this Target's Statement other than any reference to its name.

Rodney Michael Joyce has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, his written consent to be named in this Target's Statement as a Competent Person in the form and context he is so named. Rodney Michael Joyce takes no responsibility for any part of this Target's Statement other than any reference to his name or in his capacity as a Director.

PricewaterhouseCoopers Securities has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Independent Expert in the form and context it is so named, to the inclusion of its Independent Expert's Report and financial services guide in this Target's Statement, to the inclusion of references to the Independent Expert's Report in this Target's Statement, and to the inclusion of statements extracted from or said to be based on statements made in the Independent Expert's Report, in each case in the form and context in which they are respectively included. PricewaterhouseCoopers Securities takes no responsibility for any part of this Target's Statement other than the Independent Expert's Report and references to its name.

Ravensgate has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as the Independent Technical Expert in the form and context it is so named and to the inclusion of its report as an attachment to the Independent Expert's Report and in this Target's Statement.

Credit Suisse (Australia) Limited has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Giralia's financial advisers in the form and context it is so named. Credit Suisse (Australia) Limited has not caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based and takes no responsibility for any part of this Target's Statement other than any reference to its name.

Allion Legal has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Giralia's legal advisers in the form and context it is so named. Allion Legal has not advised on the laws of any foreign jurisdiction. Allion Legal has not provided taxation advice in relation to any jurisdiction. Allion Legal has not caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based and takes no responsibility for any part of this Target's Statement other than any reference to its name.

This Target's Statement contains statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX by Giralia and Atlas. The parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Target's Statement. Any Giralia Shareholder who would like to receive a copy of those documents may obtain a copy free of charge during the Offer Period by calling the Shareholder Information Line on 1800 207 622 (within Australia) and +61 2 8280 7220 (outside Australia). Copies of announcements by Giralia may also be obtained from its website www.giralia.com.au.

This Target's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or a published book, journal or comparable publication.

In addition, this Target's Statement contains share price trading data sourced from IRESS without its consent.

9.14. Date of Target's Statement

This Target's Statement is dated 20 January 2011, which is the date on which it was lodged with ASIC.

9.15. Approval of Target's Statement

This Target's Statement has been approved by a resolution passed by the Directors on 20 January 2011. All Directors voted in favour of that resolution.

Signed for and on behalf of Giralia:

Graham Riley
Director
Giralia Resources N.L.

10. Glossary

10.1. Definitions

ACCC means the Australian Consumer and Competition Commission.

Acceptance and Option Deed means the acceptance and option deed entered into on the Announcement Date between Atlas and each of:

(a) Stanley Allan Macdonald;

(b) Graham Douglas Riley and Anne Marie Riley;

(c) Nada Granich; and

(d) Creekwood Nominees Pty Ltd.

Allion Legal means Allion Legal Pty Ltd (ABN 43 109 326 463).

All Scrip Alternative means the all scrip offer comprising 1.50 Atlas Shares for each Giralia Share.

Announcement Date means 21 December 2010.

ASIC means Australian Securities and Investments Commission.

Associate has the meaning given in section 12(2) of the Corporations Act.

ASX means, depending on the context, ASX Limited (ABN 98 008 624 691), or the market operated by that entity.

ASX Listing Rules means the Listing Rules of the ASX.

Atlas means Atlas Iron Limited (ABN 63 110 396 168).

Atlas Board means the board of Directors of Atlas.

Atlas Group means Atlas and its Related Bodies Corporate.

Atlas Offer or **the Offer** means the takeover offer by Atlas for all Giralia Shares under Chapter 6 of the Corporations Act as described in the Bidder's Statement.

Atlas Prescribed Occurrence means any of the events summarised below and otherwise listed in Section 12.1 of the Bidder's Statement:

(a) Atlas converts all or any of its shares into a larger or smaller number of shares;

(b) Atlas or a subsidiary of Atlas resolves to reduce its share capital in any way;

(c) Atlas or a subsidiary of Atlas enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;

(d) Atlas or a subsidiary of Atlas resolves to be wound up, a court makes an order for the winding up of Atlas or a subsidiary of Atlas, or Atlas or a subsidiary of Atlas executes a deed of company arrangement;

(e) a liquidator, administrator, receiver or receiver and manager is appointed to Atlas or a subsidiary of Atlas;

provided that an Atlas Prescribed Occurrence will not include any matter:

(f) fairly disclosed to Giralia on or before the date of the Bid Implementation Agreement (including as a result of disclosures made to ASX);

(g) occurring as a result of any matter, event or circumstance required by the Bid Implementation Agreement, the Bid or the transactions contemplated by them; or

(h) approved in writing by Giralia.

Atlas Share means a fully paid ordinary share in Atlas.

Atlas Shareholder means a registered holder of Atlas Shares.

Bid means the off-market takeover bid by Atlas to all Giralia Shareholders to be implemented in accordance with Chapters 6 to 6C of the Corporations Act.

Bid Implementation Agreement means the agreement of that name entered into between Atlas and Giralia on the Announcement Date.

Bidder's Statement means the bidder's statement in relation to the Atlas Offer, prepared by Atlas and dated 7 January 2011.

CID means channel iron deposits.

Condition Period means the period commencing on the Announcement Date and ending at the end of the Offer Period.

Competent Person has the meaning set out in the JORC Code.

Competing Proposal means any proposal (including a scheme of arrangement) or offer that would if completed substantially in accordance with its terms, result in:

(a) any person or persons other than Atlas or one of Atlas' Associates acquiring:

- (i) an interest in all or a substantial part of the assets of Giralia;
- (ii) a relevant interest in more than 20% of the voting shares of Giralia; or
- (iii) control of Giralia within the meaning of section 50AA of the Corporations Act; or

(b) Giralia and another person or persons (other than Atlas or one of Atlas' Associates) operating under a dual listed company, or similar structure.

Corporations Act means *Corporations Act 2001* (Cth).

Credit Suisse means Credit Suisse (Australia) Limited (ABN 94 007 016 300).

Director means a current director of Giralia as at the date of this Target's Statement.

DSO means direct shipping grade hematite iron ore.

Exclusivity Period means the period commencing on 21 December 2010 to the expiry of the Offer Period, or the date the Bid Implementation Agreement is terminated (whichever is the earlier).

Exploration Results has the meaning given to it in the JORC Code.

Fe means iron.

FY11 Budget means the budget agreed between Giralia and Atlas in respect of the Giralia business for the 6 month period commencing on the date of the Bid Implementation Agreement.

Giralia or **the Company** means Giralia Resources N.L. (ABN 64 009 218 204).

Giralia Board means the board of Directors of Giralia.

Giralia Group means Giralia and its subsidiaries.

Giralia Option means an option to subscribe for a Giralia Share.

Giralia Optionholder means a holder of Giralia Options.

Giralia Share means a fully paid ordinary share in Giralia.

Giralia Shareholder means a registered holder of Giralia Shares.

GST has the same meaning as in the A New Tax System (Goods and Services Tax) Act 1999 (Cth).

Independent Expert means PricewaterhouseCoopers Securities.

Independent Expert's Report means the report prepared by the Independent Expert as to whether the Atlas Offer is fair and reasonable to Giralia Shareholders, contained in Annexure A to this Target's Statement.

Independent Technical Expert means Ravensgate.

Indicated Mineral Resource has the meaning given to it in the JORC Code.

Ineligible Foreign Shareholder has the meaning given in Section 11.22 of the Bidder's Statement.

Inferred Mineral Resource has the meaning given to it in the JORC Code.

JORC means Joint Ore Reserves Committee.

JORC Code means the 2004 Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

Material Adverse Change means a change which has or could reasonably be expected to have a materially adverse effect on the:

(a) assets, liabilities, financial position, performance, profitability or prospects of Giralia and its subsidiaries taken as a whole or of any of them; or

(b) status or terms of (or rights attaching to) any material approvals from Public Authorities applicable to Giralia or any of its subsidiaries,

including without limitation:

(c) any creditor demanding repayment of a debt of $5,000,000 or more; and

(d) any person accelerating or adversely modifying the performance of any obligations of Giralia or any of its subsidiaries under any material agreements, contracts or other legal arrangements,

but does not include any change:

(e) fairly disclosed to Atlas on or before the date of the Bid Implementation Agreement (including as a result of disclosures made to ASX);

(f) occurring as a result of any matter, event or circumstance required by the Bid Implementation Agreement, the Bid or the transactions contemplated by them; or

(g) approved in writing by Atlas.

Merged Entity means the entity comprising Atlas and Giralia assuming the Atlas Offer has resulted in Giralia becoming a wholly owned subsidiary of Atlas.

Mineral Resource has the meaning given to it by the JORC Code.

Mt means million tonnes.

Mtpa means million tonnes per annum.

Offer Conditions means the conditions summarised in Section 7.2 of this Target's Statement and otherwise set out in full in Section 11.12 of the Bidder's Statement.

Offer Period means the period commencing on 12 January 2011 and ending at 5:00pm (Perth time) on the later of:

(a) 14 February 2011; or

(b) any date to which the period of the Atlas Offer is extended by Atlas or as required by the Corporations Act.

Ore Reserve has the meaning given to it in the JORC Code.

Prescribed Occurrence means any of the events summarised below and otherwise listed in Section 11.12(b) of the Bidder's Statement:

(a) Giralia converts all or any of its shares into a larger or smaller number, or Giralia or a subsidiary resolves to reduce its share capital (or those of its subsidiaries) in any way, issues shares (other than Giralia Shares upon the exercise of Giralia Options) or grants an option over its shares or agrees to make such an issue or grant such an option;

(b) Giralia or a subsidiary enters into a buy-back agreement or resolves to adopt the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;

(c) Giralia or a subsidiary issues or agrees to issue convertible notes;

(d) Giralia or a subsidiary disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;

(e) Except in certain specified circumstances, Giralia or a subsidiary charges, or agrees to charge, the whole, or a substantial part, of its business or property;

(f) Giralia or a subsidiary resolves to be wound up, a court makes an order for the winding up of Giralia, or executes a deed of company arrangement; or

(g) a liquidator, administrator, receiver or receiver and manager is appointed to Giralia or a subsidiary.

PricewaterhouseCoopers Securities means PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617).

Public Authority means any government or any governmental, semi-governmental, administrative, statutory or judicial entity, authority or agency, whether in Australia or elsewhere, including the ACCC (but excluding the Takeovers Panel, ASIC and any court that hears or determines proceedings under section 657G or proceedings commenced by a person specified in Section 659B(1) of the Corporations Act in relation to the Atlas Offer). It also includes any self-regulatory organisation established under statute or any stock exchange.

Ravensgate means Corvidae Pty Ltd (ACN 123 334 618) as trustee for the Ravensgate Unit Trust trading as Ravensgate.

Related Body Corporate has the same meaning as in the Corporations Act.

relevant interest has the same meaning as in the Corporations Act.

Scrip and Cash Alternative means the scrip and cash offer, comprising 1.33 Atlas Shares and $0.50 cash for each Giralia Share.

Superior Proposal means a Competing Proposal that in the determination of the Giralia Board acting in good faith:

(a) is reasonably capable of being valued and completed, taking into account both the nature of the Competing Proposal and the person or persons making it; and

(b) is more favourable to Giralia Shareholders than the Atlas Offer, taking into account all terms and conditions of the Competing Proposal,

provided that a financial adviser, independent of the Giralia Board, has provided a written opinion to the Giralia Board which supports the determination of the matters in paragraphs (a) and (b) above.

Target's Statement means this document (including the annexure), being the statement of Giralia under Part 6.5 Division 3 of the Corporations Act.

Technical Project Review and Independent Valuation Report (short form) means the report prepared by the Independent Technical Expert for the Independent Expert as set out in Appendix G to the Independent Expert's Report.

Third Party Offer means an offer or proposal made by a third party to acquire more than 50% of Giralia Shares by way of a takeover bid pursuant to Chapter 6 of the Corporations Act, a scheme of arrangement pursuant to Chapter 5 of the Corporations Act, a selective capital reduction, or otherwise.

TRH has the meaning given to it in Section 1.4 of this Target's Statement.

VWAP means volume weighted average share price.

10.2. Interpretation

Unless the context otherwise requires:

- headings used in this Target's Statement are inserted for convenience and do not affect the interpretation of this Target's Statement;
- words or phrases defined in the Corporations Act have the same meaning in this Target's Statement;
- a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- the singular includes the plural and vice versa;
- the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any government agency; and
- Australian dollars, dollars, A$ or $ is a reference to the lawful currency of Australia.

Annexure A

Independent Expert's Report

Giralia

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The Directors
Giralia Resources NL
Level 2, 33 Ord Street
WEST PERTH WA 6005

19 January 2011

Dear Sirs

Independent Expert's Report in relation to the Offer by Atlas Iron Limited

1 On 21 December 2010, Giralia Resources NL ("Giralia" or "the Company") and Atlas Iron Limited ("Atlas") 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 ("the Transaction Announcement"). On 11 January 2011, Atlas issued a bidder's statement ("the Bidder's Statement") to Giralia's shareholders presenting the terms of the Atlas offer dated 12 January 2011 ("the Offer").

2 Two consideration structures are available to Giralia shareholders under the Offer, as follows:

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

3 The directors of Giralia have requested PricewaterhouseCoopers Securities Ltd ("PwCS") to prepare an independent expert's report in connection with the Offer. The Offer opened on 12 January 2011 and will remain open for one month. This report is to accompany the target's statement ("the Target's Statement") which is to be issued to Giralia shareholders on or about 24 January 2011. The Offer is currently scheduled to close on 14 February 2011 unless it is extended.

PricewaterhouseCoopers Securities Ltd
ACN 003 311 617
ABN 54 003 311 617
Holder of Australian Financial Services Licence No 244572
QV1, 250 St Georges Terrace, PERTH WA 6000
GPO Box D198, PERTH WA 6840
DX 77 Perth, Australia
T: +61 8 9238 3000, F+61 8 9238 3999, www.pwc.com.au/

Our Conclusions

The Offer is fair and reasonable to Giralia shareholders

4 Our assessment of the Offer has been undertaken in accordance with the principles of Australian Securities and Investments Commission ("ASIC") Regulatory Guide 111 (Content of Expert Reports).

5 We consider the Offer is fair and reasonable. The reasons for our opinion are set out below and should be read in conjunction with our detailed report which sets out our scope and findings.

The Consideration offered under the Offer is fair

6 We assessed the fair market value of Giralia shares on a controlling interest basis as at the date of this report to be in a range from $2.68 to $3.34 with a preferred value of $2.99. The All Scrip Alternative under the Offer has been assessed by PwCS to have a fair value of $4.58 per Giralia share. The Scrip and Cash Alternative price under the Offer has been assessed by PwCS to have a fair value of $4.56 per Giralia share. On the basis that our assessed value of the consideration is above our valuation range for an ordinary share in Giralia on a controlling interest basis, we consider that it is fair.

The Offer is reasonable

7 We consider that the Offer is reasonable on the basis that it is fair. In addition, we consider the Offer to be reasonable for the following reasons.

The Offer is at a premium to Giralia ordinary share prices before the Transaction Announcement

8 The volume weighted average price ("VWAP") of Giralia shares for the one and three month periods to 20 December 2010, being the day prior to the Transaction Announcement, was $2.98 and $2.89 respectively. Based on the All Scrip Alternative price of $4.58, this represents a premium of 54% and 59% respectively. Based on the Scrip and Cash Alternative price of $4.56, this represents a premium of 53% and 58% respectively.

Certainty and Risk Exposure

9 We consider that a shareholding interest in the Atlas business post transaction has a reduced level of risk and uncertainty relative to a shareholding in the standalone Giralia business.

10 Holding shares in the combined Atlas and Giralia business will allow Giralia shareholders to participate in a business that has access to infrastructure, is producing, and is larger and has a more diversified portfolio of assets. In addition, we note that Giralia is an exploration company with no development history. To extract the full value of its exploration portfolio, in the absence of the proposed transaction, Giralia would need to build a team from a limited pool of potential employees with the requisite development skills and experience. Atlas has some of these development skills and experience as evidenced by its recent success in bringing its exploration assets into production.

Synergies

11 There are also significant potential synergies available from combining the Giralia and Atlas businesses in which Giralia shareholders will participate through the consideration they will receive being shares in the combined business.

12 The synergies relate to the potential to jointly develop projects as well as to combine Atlas' access to infrastructure with Giralia's significant resource base. Synergies relating to corporate administration costs are expected to be minimal.

Atlas shares have a greater level of liquidity and institutional coverage

13 Atlas shares have a greater level of liquidity than Giralia shares and are represented in the ASX 200 share index. The increased size of the merged business is likely to attract even greater institutional coverage.

The Giralia share price is likely to fall in the event that the proposed takeover does not proceed

14 The Giralia share price increased significantly after the Transaction Announcement and has traded in a range of $4.03 to $4.95 since then. We consider that in the absence of the Offer, an alternative proposal or speculation concerning an alternative proposal, the Giralia share price is likely to reduce significantly from current levels. In the medium and longer term, Giralia's share price will reflect the market's assessment of Giralia's ongoing business model, the prospects for its exploration and development activities as well as general movements in financial markets.

No alternative proposals have been received

15 The directors of Giralia have advised us that to the best of their knowledge the Offer from Atlas is the only proposal available to Giralia at the date of this report.

Structure of Report

16 The balance of this report is set out in the following sections.

I Terms of the Offer
II Basis for Our Evaluation of the Offer
III Analysis of Giralia
IV Value of Giralia Shares
V Consideration Offered
VI Assessment of the Offer
Appendices
A Declarations and Disclosures
B Sources of Information
C Financial Services Guide
D Discount Rate Analysis
E Comparable Company Analysis
F Comparable Transaction Analysis
G Short Form Ravensgate Technical Expert's Report

Yours faithfully,

Paul Hennessy
Authorised Representative

Richard Stewart
Authorised Representative

I Terms of the Offer

17 On 21 December 2010, Atlas and Giralia announced that they had signed a BIA for an off-market takeover bid by Atlas for all of the shares in Giralia. On 11 January 2011, Atlas issued a Bidder's Statement to the Giralia shareholders detailing the terms of the Atlas Offer. The Atlas Offer is dated 12 January 2011.

18 Two consideration structures are available to Giralia shareholders under the Offer:

- 1.5 Atlas shares per Giralia share under the All Scrip Alternative; and
- 1.33 Atlas shares and $0.50 cash per Giralia share under the Scrip and Cash Alternative.

19 The Offer extends to any Giralia shares that are issued as a result of the exercise of Giralia options during the Offer Period. The Offer opens on 12 January 2011 and is scheduled to remain open until 14 February 2011 ("the Offer Period") unless it is extended.

II Basis for Our Evaluation of the Offer

20 We have been requested by the directors of Giralia to prepare an independent expert's report. This report has been prepared solely for the purpose of assisting Giralia shareholders in considering the Offer.

21 There is no statutory requirement under the Corporations Act ("the Act"), the Listing Rules of the Australian Securities Exchange ("ASX") or other regulations for Giralia to commission an independent expert's report in relation to the Offer. However, this report has been commissioned to assist in making a recommendation to Giralia shareholders regarding the Offer and to accompany the Target's Statement to be given by Giralia to its shareholders in compliance with the Act.

22 We have prepared our report and provided our opinion in accordance with the provisions of Section 640 of the Act assessing whether, in our opinion, the terms of the Offer made by Atlas to the shareholders of Giralia, as set out in the following section, are fair and reasonable.

Our Approach

23 ASIC Regulatory Guide 111 (Content of Expert Reports) sets out guidelines for independent expert reports prepared for the purpose of section 640 of the Act. Regulatory Guide 111 is framed largely in terms which relate specifically to "fair and reasonable" reports for takeover offers under Section 640 of the Act.

24 We have also given due consideration to relevant matters in other ASIC guidelines, including Regulatory Guide 112 (Independence of Experts).

25 The Regulatory Guides reflect ASIC's underlying philosophy that the premium for control of a company be shared by all members of that company. Accordingly, we have separately considered the control premium associated with Atlas gaining 100% of Giralia's shares should the takeover proceed.

Basis of Assessment

26 Regulatory Guide 111 discusses the separate concepts of "fair" and "reasonable" to be applied by an independent expert assessing an offer. An offer is regarded as "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer. An offer is "reasonable" if it is "fair" or despite not being "fair", but after considering other significant factors, shareholders should accept the offer in the absence of any higher bid before the close of the offer.

27 In evaluating the fairness of the Offer, we have compared the consideration to be received by the existing shareholders under the Offer with our assessed fair market value for the ordinary shares in Giralia. Regulatory Guide 111 requires that the comparison be made assuming 100% ownership of Giralia shares. Our assessment of the Offer has therefore been undertaken on the basis of a disposal of the entire Giralia shareholding to Atlas and we have considered whether a premium for control is incorporated into the Offer. Our assessment of the consideration to be paid under the Offer reflects the value of an Atlas share post transaction on a non-controlling or minority interest basis.

28 Fair market value is defined as the price which would reasonably be negotiated by an informed, willing but not anxious purchaser and an informed, willing but not anxious seller acting at arm's length and within a reasonable timeframe.

29 Our assessment of the value of Giralia's ordinary shares has been based on a sum of the parts valuation of the Giralia assets with the value of the exploration interests held primarily based on the values derived from an independent technical assessment. Our assessment of the fairness of the Offer has been based on a range of values for Giralia shares.

30 In evaluating the reasonableness of the Offer, we have considered other significant factors for shareholders in relation to the Offer, including the potential synergies that may arise as a result of the proposed transaction, the likelihood of another offer being received on better terms and the likely position of shareholders if the Offer is rejected.

Sources of Information

31 In preparing this report, we have used and relied on the information set out in Appendix B and representations made by Giralia's management.

32 We have conducted checks, enquiries and analyses of the information provided to us which we regard as appropriate for the purposes of this report. Based on these procedures, we believe that the information used as the basis for forming the opinions in this report is accurate, complete and not misleading and we have no reason to believe that material information relevant to our report has been withheld. Whilst our work has involved an analysis of financial information and accounting records, it does not constitute an audit or review of Giralia in accordance with Australian Auditing Standards, and accordingly no such assurance is given in this report.

33 The information pertaining to Giralia provided to us includes Giralia's operating budget for the period to 30 June 2011 and scoping studies prepared by ProMet Engineers Pty Ltd ("ProMet") in relation to Giralia's pre-development assets - the Daltons - Mount Webber Iron Ore Project, the McPhee Creek Iron Ore Project and the Yerecoin Iron Ore Project. In reviewing the cash flow forecasts included in these scoping studies and other forward looking

information, we have taken into account the review of the scoping studies relating to these producing assets which was carried out by a technical expert, Ravensgate Minerals Industry Consultants ("Ravensgate").

34 Giralia holds a range of exploration permits on which additional work is required to identify mineralisation potential and / or development options. Accordingly, we have relied on assessments of the value of these exploration assets by Ravensgate.

35 The achievement of either the prospective financial information prepared by ProMet and / or management or the cash flows and assumptions that we and Ravensgate have adopted for the purposes of assessment of the Offer is not warranted or guaranteed by us. This information is based on predictions of future events, many of which are outside the control of management, and is therefore inherently uncertain. Actual results and outcomes may differ materially from forward looking information.

36 Our assessment has been made as at the date of our report. Economic conditions, market factors and changes in exploration or development potential may result in the report becoming outdated. We reserve the right to review our assessments and, if we consider it necessary, to issue an addendum to our report, in the light of any relevant material information which subsequently becomes known to us prior to the closure of the Offer.

Reliance on Technical Expert

37 Ravensgate was engaged to provide a technical expert's report for use and reliance by us in the preparation of our independent expert's report ("Ravensgate Technical Expert's Report"). The assessment of the resource potential has been carried out in accordance with the Code of Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (The Valmin Code).

38 We are satisfied that:

- Ravensgate has appropriate qualifications, industry experience and competence to conduct its assessments;
- Ravensgate is independent of Giralia and Atlas;
- the methodologies used in its valuations are consistent with generally accepted industry practice; and
- the Ravensgate report contains sufficient information to support the conclusions drawn.

39 A short form version of the Ravensgate Technical Expert's Report was prepared by Ravensgate for inclusion in our independent expert's report ("Short Form Ravensgate Technical Expert's Report"). The Short Form Ravensgate Technical Expert's Report contains all material information relevant to the technical project review and independent valuation undertaken by Ravensgate. The Short Form Technical Expert's Report is attached at Appendix G to our report and should be read in conjunction with our report. Further detail, including background information on the location, tenure, geology and exploration history of Giralia's Western Australian and South Australian projects, is set out in the full Ravensgate Technical Expert's Report, a copy of which is located on the Giralia website (www.giralia.com.au).

General Advice

40 In preparing this report, we have considered the interests of the shareholders of Giralia taken as a whole. This report contains only general financial product advice and does not consider the personal objectives, financial situation or needs of individual shareholders of Giralia. An individual's decision in relation to accepting or not accepting the Offer may be impacted by the individual's particular circumstances and shareholders may wish to obtain personal financial product advice from their financial adviser.

Scope Exclusions

41 This report has been prepared solely for the purpose of assisting existing shareholders of Giralia to consider whether or not to accept the Offer. This report has not been prepared to provide information to parties considering the purchase or sale of securities in Giralia or Atlas. Accordingly, we do not assume any responsibility or liability for any losses suffered as a result of the use of this report contrary to the provisions of this paragraph.

III Analysis of Giralia

Profile of Giralia

Background

42 Giralia is an established minerals exploration company listed on ASX since 1987. It has interests in a number of pre-development projects principally targeting hematite direct shipping ore ("DSO") and magnetite in the Pilbara and Mid-West regions of Western Australia ("WA"). DSO meets the high purity requirement for use in steel mills without any beneficiation processing and only involves coarse crushing and screening. Giralia also holds interests in a large number of exploration assets in Australia.

43 Giralia's key assets include the following:

- pre-development assets at Daltons - Mount Webber and McPhee Creek (both DSO) and Yerecoin (magnetite);
- iron ore exploration assets at Western Creek, Anthiby Well, Beebyn and Earaheedy;
- other mineral exploration assets including uranium, gold, nickel, copper and zinc in Australia; and
- equity investments in a number of listed companies as a result of asset divestments.

44 Giralia has disclosed indicated and inferred resources of approximately 389 million tonnes ("Mt") relating to its interests in direct ship grade deposits and a magnetite resource of 186.8 Mt relating to its interest in Yerecoin.

45 Giralia currently has cash reserves of $54.5 million as at 31 December 2010 available for investment in exploration and development activities.

Overview of assets

Pre-development assets

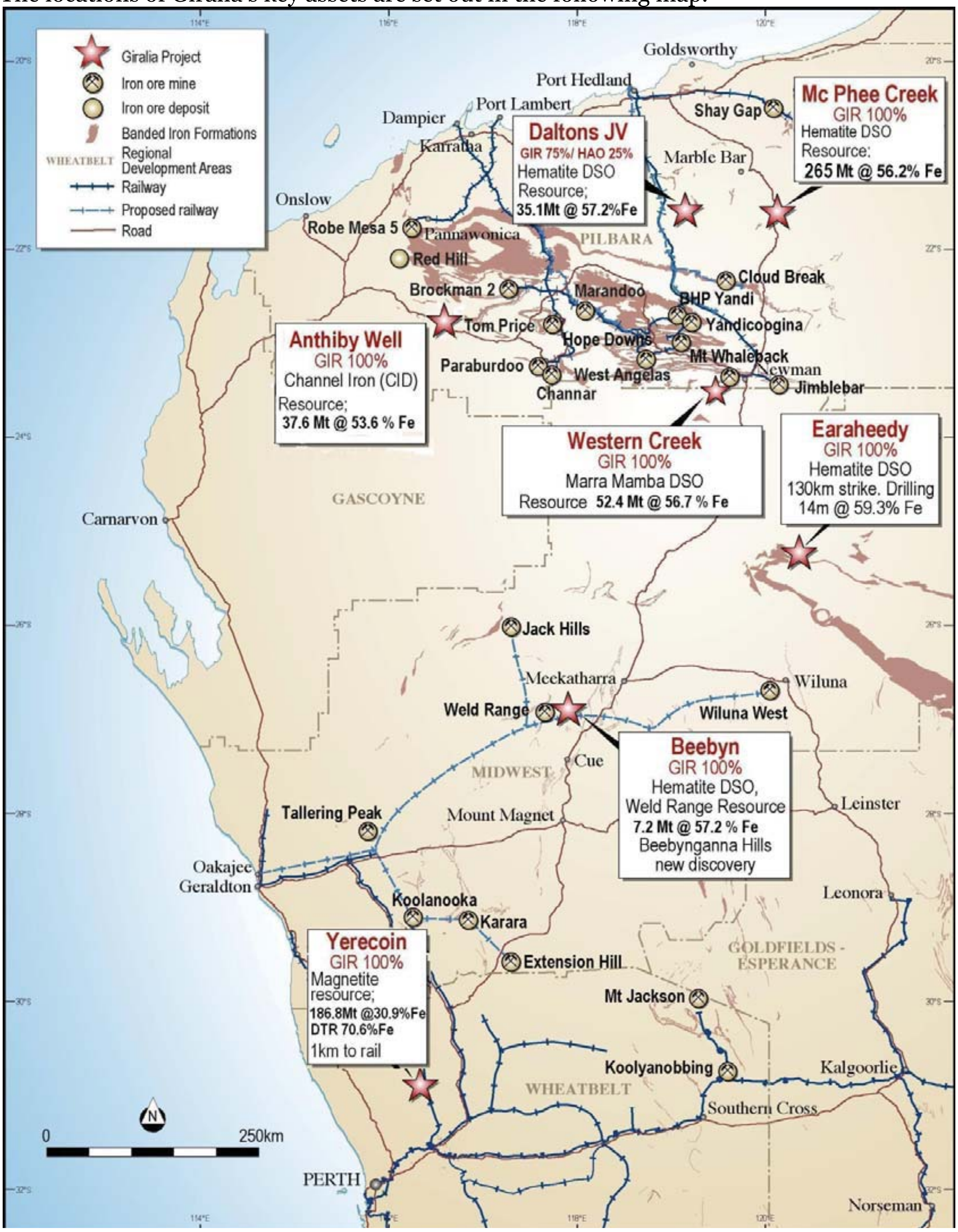
46 Giralia's pre-development assets are located in the Pilbara and Mid-West regions of WA:

- 75% interest in Daltons – Mount Webber (DSO project in the Pilbara);
- 100% interest in McPhee Creek (DSO project in the Pilbara); and

pwc

- 100% interest in the Yerecoin project (magnetite project in the Mid-West)

47 The locations of Giralia's key assets are set out in the following map.



Source: Giralia

Daltons – Mount Webber

48 Giralia holds a 75% interest in the Daltons - Mount Webber hematite deposit which is located 150 kilometres ("km") south of Port Hedland. The Daltons JV is a joint venture between Giralia and Haoma Mining NL. A maiden resource was disclosed by Giralia in September 2009 and a scoping study was completed in December 2009 by ProMet.

49 The two main types of iron ore used for making steel are hematite and magnetite and commercially exploited deposits of these ore types are predominantly sedimentary in origin and commonly originated as banded iron formations ("BIFs"). In the Pilbara, the key BIFs are the Brockman, Marra Mamba and Nimingarra formations which were deposited over different periods billions of years ago and have differing attributes.

50 About 75% of ore mined in WA contains more than 55% iron and is hematite in nature. This ore is found in BIF where the silica in the primary BIF (of 30% Fe) has been replaced by iron oxide to contain approximately 60% Fe.

51 Iron ore is generally sold as either a lump or a fines product. Lump ore (6 - 30 millimetres ("mm") in size) typically has an iron content above 60% and is able to be fed directly into a blast furnace as part of the steel production process. Lump below 60% iron content is typically crushed to fines. Fines (less than 6mm) typically has an iron content between 58% and 62% and is used to create sinter (a synthetic lump created by high temperature agglomeration) or pellets (moulded heat-hardened units of uniform size). Product sold as fines is priced at a discount to lump, although pellets attract a premium to lump as they are typically a superior product.

52 Different ore types command varying premiums / discounts depending on grain size and moisture content, in addition to variances in iron grade and quality (normally measured by percentage of contained contaminants including alumina, silica and phosphorous).

53 Based on the scoping study, Giralia is targeting a 2 million tonne per annum ("Mtpa") project development producing 50% fines and 50% lump product with the trucking of ore to Port Hedland and a first ore delivery date of late 2011. A pre-feasibility study is currently being completed. The current indicated and inferred resource for Daltons – Mount Webber is 35.1 Mt at 57.2% Fe, 1.2% Al_2O_3 which includes 28.9 Mt indicated at 57.9% Fe, 1.49% Al_2O_3 on a 100% interest basis.

54 The key uncertainty relating to the development of the Daltons – Mount Webber project is access to port infrastructure. Giralia has identified Utah Point in Port Hedland as the most likely port option. While Giralia has significant direct ship grade resources, these have been identified since the allocation of port capacity at Utah Point and as a result Giralia does not have port capacity from the initial allocation process. Port access for Giralia will depend on

additional capacity being made available from the proposed redevelopment of the port. The proposed redevelopment includes a multi-user facility with associated efficiencies which would add to current port capacity. Giralia would also need to be successful in getting access to that additional capacity. Giralia has been in discussions with the Port Hedland Port Authority and other project participants in relation to port access. However, both the timing and availability of additional port capacity and the process for its allocation is still uncertain. In our view, this makes a target production start date in late 2011 appear unlikely.

55 Giralia has also considered other development options for Daltons - Mount Webber including co-development with Atlas' Mount Webber project, the sale of ore at the mine gate and the sale of ore at the rail head. However, the development proposed in the scoping study is the preferred option for development of the project by Giralia on a standalone basis.

McPhee Creek

56 Giralia holds a 100% interest in the McPhee Creek hematite project which is located 220 km south east of Port Hedland. A scoping study was completed in October 2010 by ProMet and an indicated and inferred resource of 265 Mt at 56.2% Fe, 2.4% Al_2O_3, including 65.3 Mt indicated at 56.3% Fe, 2.6% Al_2O_3, was disclosed by Giralia in December 2010. The stated resource contains an average phosphorous content of 0.12%. Phosphorous is considered a contaminant and at the average level contained within the McPhee Creek deposit is above the tolerance level typically accepted by steel mills which could give rise to an impediment to product marketability.

57 The scoping study targets a 2 Mtpa project producing 70% fines and 30% lump product with the trucking of ore to Port Hedland and a production commencement date of late 2012. A pre-feasibility study has been initiated. Similar to Daltons – Mount Webber, the key uncertainty relating to the project is access to port infrastructure. Due to the uncertainty of securing port access, there is therefore an even greater level of uncertainty associated with Giralia's ability to develop both Daltons – Mount Webber and McPhee Creek within the planned timeframes.

58 While the size of the McPhee Creek deposit warrants a larger project development than 2 Mtpa, the lack of access to rail and port infrastructure limits the size of the project development at McPhee Creek which may be undertaken by Giralia on a standalone basis.

Yerecoin

59 Giralia holds a 100% interest in the Yerecoin magnetite deposit. Yerecoin is located 150 km north of Perth and is close to existing rail infrastructure.

60 Magnetite is beneficiated by crushing and grinding and then separating the magnetite from the tailings by magnetization. Flotation circuits are also commonly used to improve efficiency. The final magnetite concentrate typically has an iron content close to 70% and is only used as feed to create pellets.

61 The magnetite beneficiation process can convert relatively low iron content deposits (typically below 40% iron content) into a marketable product with low levels of contaminants. However, processing is capital and energy intensive relative to direct ship operations. The viability of magnetite projects is being enhanced by the declining availability of high grade direct ship deposits and high demand which supports an uplifted marginal cost of supply.

62 A scoping study for Yerecoin was completed in February 2010 by ProMet and a pre-feasibility study is in progress targeting production of 2.5 Mtpa of concentrate by 2013/14 to Kwinana port. Kwinana has existing spare port capacity but will require capital investment in order to reinstate the spare capacity. The current inferred resource for Yerecoin is 186.8 Mt at 30.9% Fe and testing has indicated a potential recovery of 32.8% and a concentrate grade of 70.1% Fe.

63 Giralia has considered a number of different potential magnetite products from a project development at Yerecoin including blast furnace grade pellet feed and sinter feed. However, it needs to carry out further product and market test work as part of the pre-feasibility study as well as do further work in proving up the resource before it can define its project development.

Scoping Study Analysis

64 We reviewed the scoping studies undertaken by ProMet during 2009 and 2010 for the Daltons - Mount Webber, McPhee Creek and Yerecoin pre-development projects.

65 The scoping studies present a high level economic analysis of the viability of each project under different project development scenarios using a discounted cash flow ("DCF") approach. The base case project development scenario for each asset represents the most feasible development option by Giralia on a standalone basis. The results of the scoping studies, including the net present value ("NPV") of each project under the base case scenario, have been disclosed by Giralia to the market in stock exchange announcements. We note that the scoping study cost assumptions prepared by ProMet have an estimated accuracy level of + / - 25%.

66 Our review of the scoping studies focussed on adjusting the base case DCF analysis to produce a revised NPV for each project. The adjustments principally relate to:

- updating the operating assumptions for the latest project information based on discussions with Giralia management and reflecting a number of factors including the results of recent drilling campaigns. The updates include adjustments to the product grade, discounts and premiums applied to benchmark prices, lump to fines ratios, stripping ratios and delays to project timing;

- updating each project model for consistent economic parameters based on our economic analysis for forecast benchmark prices for Australian fines, the USD : AUD foreign exchange rate and the inflation rate;

- updating the operating expenditure and capital expenditure profiles for the latest cost estimates and any changes in the required spend;

- changing the discount rate to reflect our assessment of an appropriate discount rate having regard to the riskiness of the scoping study cash flows; and

- incorporating the views of Ravensgate from its technical review of the scoping studies.

67 The revised scoping study project values do not represent fair market values as they are de-risked values which assume the commencement of production after the resolution of key risks and uncertainties. They do, however, provide a useful assessment of the potential values of the assets to Giralia on a standalone basis against which to benchmark the fair market values which we assess for the assets.

68 The key parameters adopted in the revised scoping study NPVs are summarised below.

Economic parameters

69 We have determined our forecast iron ore prices based on consensus analyst forecast prices for the Australian fines iron ore benchmark product. The following table sets out the iron ore price forecasts we have adopted:

US$/dmtu, fob, real	2011	2012	2013	Long term
Australian Fines (62% Fe)	2.12	2.03	1.86	0.90

Source: Consensus analyst forecasts and PwCS analysis

70 We have assumed the 2013 forecast price steps down to the long term forecast price at a rate of US$0.20 / dry metric tonne unit ("dmtu") per annum.

71 Increased iron ore demand from China since 2002 has resulted in major movements in annual contract prices and significant price escalation over the intervening period. In 2002, Chinese demand accounted for 24% or 112 wet metric tonnes ("wmt") of world seaborne iron

ore traded; by 2009 this figure had increased to 68% or 628 wmt. The increase in demand has been caused by increased steel production from elevated construction activity associated with China's industrialisation and economic growth.

72 Over the same period, new supply to the global seaborne iron ore trade has not been brought into production fast enough to meet the growth in demand for iron ore from Chinese steel producers. Whilst there has been a short period of oversupply (during 2008 and 2009) in response to the lower demand during the global financial crisis, over the past year import volumes to China and prices have again started to rise with the return of the demand-supply imbalance.

73 Historically, iron ore prices were set annually through negotiations between Japanese steel mills and the largest iron ore producers. However, as it has become the largest customer, China has more recently taken the lead in price negotiations. From April 2010, the major producers decided to move to a quarterly price mechanism for iron ore contracts with Asian and European steel mills. The quarterly contract prices have a stronger correlation with spot prices, which at the time of the transition were significantly above contract prices.

74 The more frequent contract price adjustment coupled with a tight iron ore market in the early part of 2010, resulted in approximately a 66.5% increase in iron ore prices from December 2009 to April 2010. The price moderated during the months of May to July, but has remained high with the December 2010 quarter contract for Australian fines set at US$1.95 / dmtu, against an average price in 2009 of US$0.97 / dmtu.

75 Going forward, import demand from China is forecast to continue to grow at a compound annual growth rate of over 7% for the five years to 2015. Supply over the coming years is also forecast to increase consistent with the announcement of several significant expansions of iron ore projects by the major iron ore producers including BHP Billiton Limited ("BHP Billiton") with its Rapid Growth Project sequence of expansion projects, Rio Tinto Limited ("Rio Tinto") with its target to increase Pilbara production capacity from 229 Mtpa to 333 Mtpa, Fortescue Metals Group Ltd ("Fortescue") with its plans to increase production from 50 Mtpa to 155 Mtpa and Vale's target to increase iron ore production from 311 Mtpa in 2011 to 522 Mtpa in 2015.

76 Despite the commissioning of some production increases by each of the majors in 2010, the production increases able to be implemented in 2011 and 2012 from expansions and new projects are unlikely to meet forecast demand. This shortfall will continue to support higher prices and further sustain higher cost Chinese domestic supply. Beyond 2012, the significant production expansion by the majors and Chinese sponsored projects co-owned with juniors (and majors) are expected to redress the supply demand imbalance and significantly reduce prices in the longer term. This may not occur until later than 2013 due to the risk of commissioning delay associated with a number of projects under consideration.

77 We have discounted the cash flow forecasts to their present value using a post-tax nominal discount rate of 13.5% per annum for the McPhee Creek and Daltons - Mount Webber DSO projects and 15% per annum for the Yerecoin magnetite project based on our assessment of the weighted average cost of capital of a comparable group of companies with assets at a similar stage of pre-development. The discount rates adopted allow for the non-diversifiable risks of investment in these types of projects. We note, therefore, that the revised scoping study NPVs we have calculated are de-risked only to the extent that they assume the commencement of production after the resolution of key project-specific risks and uncertainties. Our assessment of cost of capital is set out at Appendix D.

78 We have converted the forecast iron ore prices denominated in United States ("US") dollars to Australian dollars based on the forward curve as set out in the table below.

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Long term
AUD : USD	0.96	0.92	0.89	0.84	0.80	0.83	0.82	0.81	0.79	0.79	0.74

Source: Bloomberg forward curve, as at 29 December 2010

79 We have assumed an Australian inflation rate of 2.8% per annum[1] in our assessment of value.

80 The Federal Government recently announced a proposal for iron ore and coal projects to be subject to the Minerals Resource Rent Tax ("MRRT") regime from 1 July 2012. There is some uncertainty associated with this proposal including various issues relating to the practical implementation of the proposal in the event that it does proceed.

81 In considering the potential impact of MRRT, we have performed a high level estimate of the potential MRRT impact on the Daltons - Mount Webber, McPhee Creek and Yerecoin projects and determined that the MRRT liability under the base case scoping study DCF will not be material.

Daltons - Mount Webber Scoping Study

82 We calculated a revised NPV based on the base case development option from the scoping study to be $134.3 million on a 100% project basis, of which Giralia's share is $100.7 million.

83 The key underlying operating assumptions are:

- a 2 Mtpa production profile of 100% fines over 17 years with the ore being trucked via road to Port Hedland;

[1] *Inflation assumption based on the 7 year breakeven rate for Australia sourced from Bloomberg*

- a capital expenditure requirement of $129.1 million including a contingency of $21.6 million and $38.5 million for a road haulage fleet; and

- an operating cost profile of $49.32 per tonne of which approximately 50% ($25.36 per tonne) relates to transportation (road haulage) costs.

84 The original DCF analysis performed by ProMet for the Daltons - Mount Webber project in the December 2009 scoping study produced a base case value of $163.0 million for 100% of the project. The main adjustments in our revised NPV calculation included shortening the project life to match the life of mine production to the current resource estimate, changes to the operating cost, capital expenditure and product price discount assumptions for consistency with the more recent McPhee Creek scoping study as well as updates to the economic parameters.

85 We note that transportation of the ore via road represents a relatively low upfront capital commitment, but a high operating cost profile compared to rail and therefore the project value is more sensitive to price fluctuations.

McPhee Creek Scoping Study

86 We calculated a revised NPV based on the base case development option outlined in the scoping study to be $91.1 million.

87 The key underlying operating assumptions are:

- a 2 Mtpa production profile of 100% fines over 25 years with the ore being trucked via road to Port Hedland. The life of mine production profile of 50 Mt represents less than 20% of the total McPhee Creek JORC resource of 265 Mt;

- a capital expenditure requirement of $129.1 million including a contingency of $21.6 million and $38.5 million for a road haulage fleet; and

- an operating cost profile of $54.97 per tonne of which $31.01 per tonne relates to transportation (road haulage) costs.

88 The original DCF analysis performed by ProMet for the McPhee Creek project in the October 2010 scoping study produced a base case value of $345.0 million. The key change relates to our assumption of 100% fines product, the use of revised forecast benchmark prices for fines and revised forecast foreign exchange rates.

Yerecoin Scoping Study

89 We calculated a revised NPV based on the base case development option from the scoping study to be $37.2 million.

90 The key underlying operating assumptions are:

- 2.5 Mtpa production of concentrate ore over 25 years. This production profile is consistent with the total inferred resource of 186.8 Mt given a concentrate recovery assumption of 32.8%.
- the concentrate ore is transported by rail to the bulk terminal at Kwinana for export;
- a capital expenditure requirement of $447.0 million including a contingency of $54.1 million and $195.1 million to build the concentrator plant.
- an operating cost profile of $68.90 per tonne of which the key costs are mining and primary crushing ($21.75 per tonne), the concentrator plant ($19.22 per tonne) and rail ($14.30 per tonne).

91 The original DCF analysis performed by ProMet for the Yerecoin project in the February 2010 scoping study produced a base case value of $47.0 million. The key reasons for the difference in value relate to additional capital expenditure for the rail upgrade and an update for our Australian fines forecast prices which is offset by an increase in the concentrate grade to reflect a more recent JORC resource estimate and an associated increase in the product price.

Iron ore exploration assets

92 Giralia holds a 100% interest in the Western Creek hematite deposit in the Pilbara region of WA. Western Creek has an inferred mineral resource of 52.4 Mt at 56.7% Fe. The deposit is an extension of BHP Billiton's Silver Knight deposit and is located 15 km from BHP Billiton's Newman rail line. Western Creek is unlikely to be developed by Giralia on a standalone basis and it has therefore not carried out any studies to date in relation to a planned development.

93 Giralia holds a 100% interest in the Anthiby Well channel iron deposit which is located 220km south east of Onslow in the Pilbara region of WA. Anthiby Well has an inferred mineral resource of 63.5 Mt at 50.5% Fe which includes an indicated mineral resource of 37.6 Mt at 53.6% Fe. The development of Anthiby Well will require access to export infrastructure and no studies have been carried out by Giralia to date in relation to a planned development.

94 Giralia holds a 100% interest in the Beebyn hematite deposit in the Mid-West region of WA. Beebyn has an initial inferred mineral resource of 7.2 Mt at 57.2% Fe. Any future development will seek to leverage off infrastructure which is put in place for the development of other nearby projects.

95 Giralia also holds a 100% interest in the Earaheedy deposit 200 km south of Newman in the Pilbara. Some drilling has taken place but it does not yet have a resource.

Other mineral exploration assets

96 Giralia also holds various exploration permits which include uranium, gold, nickel, copper and zinc in Australia. The key other mineral exploration assets are Snake Well (gold) in WA, Lake Frome JV in South Australia (uranium) and Blue Rose – Olary JV in South Australia (copper). The following schedule sets out Giralia's permits.

Resource	Projects	Location	Interest	Operator
Uranium	Lake Frome JV	SA	25% (Free carried)	Heathgate Resources Pty Ltd
Gold	Snake Well - Conquistador JV	WA	Gold: 100% Base Metals: 100% (Diluting to 49%)	Zinc Co Australia Ltd
	Yuinmery JV	WA	24% (Diluting)	La Mancha Resources Pty Ltd
	Munro Bore Tenement E51/1063	WA	100%	Giralia
	Munro Bore Tenement M51/338	WA	Royalty Interest Only	n/a
Nickel	Kathleen Valley & Mt Harris JV's	WA	13-26% (Diluting)	Xstrata Nickel Australasia
	Diorite Hill	WA	100%	Giralia
	Cookes Creek	WA	30% (Free carried)	Hazelwood Resources Ltd
Copper	Blue Rose - Olary JV	SA	49% (Contributing)	Giralia
	Corktree JV	WA	100% (Diluting to 49%)	PacMag Metals Ltd
Other	Minor Projects	WA	100%	Giralia

Source: Giralia

Investments

97 Giralia also holds interests in a number of listed companies as a result of asset divestments and spin-offs as set out in the following table.

Security	% of Total Issued	Number of Shares Held (millions)	Activity
Red 5 Ltd.	<0.1%	0.2	Exploration and evaluation of mineral properties in the Philippines.
U3O8 Ltd.	15.0%	15.8	Mining and exploration of uranium properties in Australia.
Hazelwood Resources Ltd.	1.7%	4.0	Identification, acquisition, exploration and development of mineral properties in Australia and internationally.
Zenith Minerals Ltd.	10.8%	8.0	Identification, exploration, and development of zinc deposits and magnetite iron primarily in Australia.
Peninsula Energy Ltd.	1.0%	19.6	Exploration and development of uranium properties located in the United States, South Africa and Western Australia.
Carpentaria Exploration Ltd.	9.1%	8.6	Exploration and development of base, precious metals and bulk commodities in Australia.
Gascoyne Resources Ltd.	5.9%	3.6	Exploration of gold and base metal mineral properties in Australia.
Entree Gold Inc.	1.3%	1.5	Exploration and development of mineral resource properties in Mongolia, China, Canada and the United States.

Source: Giralia, Bloomberg

Current strategy

98 The key areas of focus for Giralia during the current financial year have been:

- continued exploration drilling to add to resources at McPhee Creek and Daltons – Mount Webber; and
- working towards development of the pre-development assets including carrying out pre-feasibility study work for Daltons – Mount Webber, McPhee Creek and Yerecoin including efforts to gain access to port capacity required for development to commence.

99 Giralia has maintained its strategy of not entering into off-take agreements with end users at the exploration stage in order to maintain flexibility in relation to the options available to realise value from its assets.

Management and Key Personnel

100 Giralia has a relatively small management team and simple organisational structure reflecting the scale and geographical focus of its operations.

101 Mr Mike Joyce is an Executive Director of Giralia. He has been with the Company since 2000 and is a geologist with over 20 years experience in mineral exploration. Mr Stanley Macdonald is an Executive Director of Giralia. He has been with the Company since 1991 and has over 20 years experience in the mining and exploration industry. Mr Julian Goldsworthy is Giralia's Exploration Manager and has over 20 years experience in mineral exploration.

Financial Performance

102 Giralia's financial performance for the years ended 30 June 2008, 30 June 2009 and 30 June 2010 have been extracted from Giralia's 30 June 2009 and 2010 annual reports. A summary of these results is set out in the table below.

$ in thousands	FY08 Audited	FY09 Audited	FY10 Audited
Revenue	96	96	96
Other revenue	19,674	67	1,424
Total revenue	**19,770**	**163**	**1,520**
Cost of sales			
Employee expenses	(2,556)	(2,131)	(573)
Other expenses	(858)	(722)	(761)
EBITDA (before special items)	**16,356**	**(2,690)**	**186**
Depreciation and amortisation	(19)	(52)	(59)
Exploration expenditure written off	(387)	(2,993)	(348)
Finance income	27,127	17,412	5,940
Director's fees	(238)	(243)	(252)
Impairment loss on financial assets	(3,490)	-	-
Change in fair value on in-specie distribution	(1,729)	-	-
Profit from operating activities before tax	**37,620**	**11,434**	**5,468**
Income tax expense	(7,901)	(3,880)	(1,971)
Profit attributable to equity holders	**29,719**	**7,555**	**3,497**

Source: Giralia 2009 and 2010 annual reports

103 Giralia's focus has been on the continued exploration of its iron ore tenements. Exploration expenditure of $0.3 million was written off in financial year 2010 ("FY10") ($3.0 million in FY09).

104 Employee expenses reduced significantly in FY10 from over $2 million in FY08 and FY09 to $0.6 million in FY10 as a result of Giralia classifying employee expenses directly relating to exploration activities as exploration expenditure in the income statement in FY10.

105 Giralia has generated one-off income through the disposal of its interests in other assets as described below.

- In December 2009, Giralia recorded a gain on disposal of its gold assets located in the Gascoyne region of WA of $1.3 million which is recognised as Other Revenue. The assets were transferred to a separate entity which was subsequently listed on ASX as Gascoyne Resources Ltd.
- Giralia disposed of its shares in Red Hill Iron Ltd to AMCI Investments Pty Ltd and First Reserve for $46.5 million, recording a gain on disposal of $27.0 million in FY08 and $16.6 million in FY09. This is recognised in the Finance Income line of the income statement.
- In FY08, Giralia made in-specie distributions of shares in two subsidiaries, Zinc Co Australia Ltd and Carpentaria Exploration Ltd, to Giralia shareholders reducing its shareholdings in those entities to below 50%. The subsequent deconsolidation of the subsidiaries resulted in Giralia recording a gain on disposal of $19.6 million which is reflected in Other Revenue. The change in the fair value of the distribution between the date of approval by shareholders and the date of distribution was recorded as an expense of $1.7 million.

106 The restatement of Giralia's listed investments to fair value resulted in the recognition of an impairment of $3.5 million in FY08.

Cash Flows

107 The table below presents Giralia's cash flows for the years ended 30 June 2008, 30 June 2009 and 30 June 2010.

$ in thousands	FY08 Audited	FY09 Audited	FY10 Audited
Cash flows from operating activities			
Cash paid to suppliers and employees	(1,755)	(2,240)	(791)
Interest received	626	4,174	2,304
Income tax paid	-	(2,521)	(3,786)
Receipts for service agreements	-	96	96
Net cash used in operating activities	**(1,130)**	**(490)**	**(2,177)**
Cash flows from investing activities			
Proceeds from sale of financial assets	28,145	18,503	358
Acquisition of plant and equipment	(78)	(252)	(54)
Payments for exploration expenditure	(3,170)	(4,226)	(7,382)
Payments for purchase of tenements	-	(2,241)	(151)
Receipts from farm-in agreement	-	65	199
Acquisition of investments	(1,536)	(383)	(1,174)
Proceeds on disposal of property, plant & equipment	-	3	5
Receipts from underwriting agreement	-	63	98
Receipts from sale of tenements	25	-	-
Receipts for service agreements	96	-	-
Cash disposed of on disposal of subsidiaries	(4,395)	-	-
Net cash from/(used in) investing activities	**19,088**	**11,533**	**(8,101)**
Cash flows from financing activities			
Proceeds from issue of options	84	-	94
Share issue costs	(23)	(4)	(6)
Proceeds from issue of shares and options	22,750	-	-
Net cash from financing activities	**22,811**	**(4)**	**88**
Net (decrease)/increase in cash and cash equivalents	**40,769**	**11,038**	**(10,190)**
Cash and cash equivalents at 1 July	15,314	56,083	67,121
Cash and cash equivalents at 30 June	**56,083**	**67,121**	**56,931**

Source: Giralia 2009 and 2010 annual reports

108 Giralia generated substantial surplus cash in FY08 and FY09 principally through the disposal of its shares in Red Hill Iron Ltd and the issue of 17.5 million shares to AMCI Capital LP in FY08 raising $22.8 million.

109 The cash generated through these activities has been mainly used to fund exploration activities and the purchase of additional exploration tenements. In FY10, Giralia increased the level of iron ore exploration expenditure to over $7 million which related to drilling activities at McPhee Creek, Daltons - Mount Webber and Yerecoin and the McPhee Creek scoping study leading to a net decline in cash holdings at 30 June 2010 of $10.2 million.

Financial Position

110 The financial position of Giralia at 30 June 2009 and 30 June 2010 is set out in the table below.

$ in thousands	30 June 2009 Audited	30 June 2010 Audited
Current assets		
Cash and cash equivalents	67,121	56,931
Receivables	2,039	3,153
Other financial assets	587	567
Total current assets	**69,746**	**60,651**
Non-current assets		
Other financial assets	4,103	9,802
Plant and equipment	264	259
Exploration and evaluation expenditure	13,295	20,849
Total non-current assets	**17,662**	**30,910**
Total Assets	**87,409**	**91,562**
Current Liabilities		
Payables	187	1,456
Employee benefits	272	344
Current tax payable	3,792	-
Total current liabilities	**4,252**	**1,800**
Non-current liabilities		
Employee benefits	148	183
Deferred tax liabilities	4,591	7,310
Total non-current liabilities	**4,740**	**7,492**
Total Liabilities	**8,991**	**9,292**
Net Assets	**78,417**	**82,269**
Equity		
Issued capital	29,340	27,969
Fair value reserve	993	2,720
Retained earnings	48,084	51,581
Total Equity	**78,417**	**82,269**

Source: Giralia 2009 and 2010 annual reports

111 The Company's major assets relate to its iron ore exploration assets along with cash.

112 Other financial assets represent Giralia's investment in various ASX listed entities obtained as a result of past asset divestments and spin offs. The investments were valued at $9.8 million as at 30 June 2010, an increase of $4.1 million over the prior year.

113 Issued capital reduced by $1.4 million as a result of the net impact of an in-specie distribution of 14.6 million Gascoyne Resources Ltd shares to shareholders following the flotation of that company in December 2009 and the exercise of share options.

Capital Structure

Ordinary Shares

114 As at 14 January 2011, Giralia has 181,160,170 ordinary shares on issue. The top 20 shareholders held approximately 120.3 million shares, or 66.4% of the total issued ordinary shares as at 30 November 2010. The breakdown of top 20 shareholders is shown below.

Rank	Name of Holder	Shares Held (Millions)	Shareholding %
1	Citicorp Nominees Pty Ltd	22.6	12.5%
2	AMCIC Giraf Holdings BV	17.5	9.7%
3	J P Morgan Nominees Australia Ltd	10.4	5.7%
4	HSBC Custody Nominees	10.3	5.8%
5	National Nominees Ltd	10.0	5.7%
6	Breamlea Pty Ltd	10.0	5.5%
7	HSBC Custody Nominees Australia Ltd	6.4	3.2%
8	Macdonald Stanley Allan	6.2	3.4%
9	J P Morgan Nominees Australia Ltd	4.5	2.5%
10	Granich Nada	3.8	2.1%
11	Riley Graham D & AM	3.4	1.9%
12	Yandal Investments Pty Ltd	3.0	1.7%
13	Grey Willow Pty Ltd	2.5	1.4%
14	Berne No 132 Nominees Pty Ltd	2.0	1.1%
15	Credit Suisse Securities Europe	1.9	1.1%
16	Yovich Walter Mick George	1.5	0.8%
17	Tilbrook John Bevan	1.4	0.8%
18	Crescent Nominees Ltd	1.1	0.6%
19	Jenkins Euan William	1.0	0.6%
20	Equity Trustees Ltd	1.0	0.5%
	Top 20 shareholdings total	**120.3**	**66.4%**
	Ordinary shareholdings total	**181.2**	

Source: Giralia

Recent Share Price Analysis

115 The Giralia share prices and volumes traded from 1 January 2010 to 14 January 2011 are shown in the graph below.

Source: Bloomberg and PwCS analysis

116 Giralia's share price has increased significantly over the period mainly as a result of successful drilling results and increases to its resources, particularly relating to the McPhee Creek deposit.

117 The announcement of the proposed resources super profits tax ("RSPT") on 2 May 2010 and the subsequent federal election introduced a significant amount of uncertainty into the mining sector which had an adverse impact on share prices. While there is still some uncertainty regarding its application, the replacement of the RSPT with what has been generally viewed to be a less onerous alternative in the proposed MRRT has seen increases in share prices and a reduction in volatility.

118 Giralia has continued to add to its resources at McPhee Creek during the latter half of the year and this has been reflected in an increasing share price. Giralia's share price increased significantly following the Transaction Announcement on 21 December 2010 in line with the BIA terms.

119 The table below shows the VWAP of Giralia shares for a number of periods up to the date prior to the Transaction Announcement.

Trading periods to 20 December 2010	High $	Low $	VWAP $	Implied offer premium above VWAP	Cumulative volume traded millions	% of issued capital
1 month	3.17	2.82	2.98	53%	4.4	2%
3 month	3.17	2.62	2.89	58%	17.9	10%
6 month	3.17	1.75	2.53	80%	40.8	23%
12 month	3.17	1.22	2.14	114%	117.8	65%

Source: Bloomberg and PwCS analysis

120 The table discloses that based on the volume weighted share price of Atlas shares in the five days prior to the Transaction Announcement, the Offer represents a premium of 53% over the one month VWAP of a Giralia share and a premium of 58% over the three month VWAP of a Giralia share.

Observed Trading in Giralia Shares Since Takeover Announcement

121 The Giralia share price has traded in a range from $4.03 to $4.95 from the date of the Transaction Announcement on 21 December 2010 to 14 January 2011 reflecting the terms of the Offer and movements in the Atlas share price.

Trading period since announcement	High $	Low $	VWAP $	Cumulative volume traded millions	% of issued capital
Post 21 December 2010	4.95	4.03	4.37	86.4	48%

Source: Bloomberg and PwCS analysis

Options

122 Giralia has 1,925,000 unlisted options on issue which have been granted to the current employees of the Company. Details of the unlisted options are set out below.

Number of Options Outstanding	Exercise Price $	Expiry Date
325,000	0.666	30 Jun 11
550,000	0.987	30 Jun 11
550,000	0.738	30 Jun 12
500,000	1.438	31 Dec 12

Source: Giralia ASX 3B Announcement on 21 Dec 10

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

124 As all of the Giralia options are in-the-money and have vested, for the purposes of our assessment of the Offer, we have assumed that they will be exercised.

IV Value of Giralia Shares

Valuation Methodology

125 The value of Giralia has been assessed on the basis of fair market value as described in Section II of our report.

126 The valuation is based on a sum of the parts valuation due to the discrete nature of the activities of Giralia including the pre-development assets, exploration portfolio, investments, cash balances and other assets and liabilities.

127 There are a number of different methodologies used for valuing mineral resources assets:

- income based approach, including DCF and expected monetary value analysis;
- market based approach, such as comparable transaction data and farm-in transaction data; and
- cost based approach, including amounts spent to date.

128 Giralia's key assets are a combination of pre-development assets and exploration assets. A number of significant risks and uncertainties need to be mitigated prior to the development of pre-development assets including access to port capacity, in the case of Daltons – Mount Webber and McPhee Creek, and product and market test work at Yerecoin.

129 As a result of the significant risks and uncertainties relating to the proposed project developments we have adopted a market based approach to the valuation of Giralia's pre-development assets based on an analysis of comparable transactions and comparable companies. Under this approach we have considered the multiples (enterprise value / resources and enterprise value / contained metal) at which comparable transactions have taken place and at which comparable companies have traded and applied these multiples to the resources and contained metal attributable to Giralia's pre-development assets. This approach therefore assesses the value of the deposits without regard to specific aspects of proposed development plans.

130 The DCF methodology is generally considered the most appropriate valuation method for valuing production and development resources projects as it explicitly considers the timing and amount of individual cash flows for mineral resources projects which are finite in life and which have significant initial capital costs and variable production profiles. We have not adopted a DCF approach to the valuation of Giralia's assets due to the early stage of development of the projects and the level of risk and uncertainty relating to the development plans. However, as noted earlier, we have reviewed the scoping studies which have been

carried out in relation to Giralia's pre-development assets and we have revised the NPV calculations contained in the scoping studies for updated and consistent operating and economic assumptions. The resulting revised NPVs do not represent fair market values as they are de-risked values which assume the commencement of project development after the resolution of the key risks and uncertainties. They do, however, provide a useful assessment of potential value of the assets to Giralia on a standalone basis against which to benchmark the fair market value assessments produced using our primary valuation approach.

131 Giralia's exploration assets in Australia have been valued using a market based approach with reference to recent transaction data and industry rules of thumb (the multiple of exploration expenditure and "in-situ" resource methods of valuation). As the valuation of mineral exploration assets requires particular technical expertise, Ravensgate has been commissioned to perform this part of the valuation.

132 Giralia's investment portfolio of shares in listed companies has been calculated based on the current market prices of the shares held having regard to the marketability of the level of interest held in the companies.

133 The prices at which a company's shares trade on securities markets are typically at a discount to the fair market value of the company as a whole. The difference in value is commonly referred to as the "premium for control". Our valuation of Giralia as a whole is therefore inclusive of a control premium.

134 We have considered the prices at which Giralia's shares have traded on ASX as a cross check on our primary valuation approach and when considering the reasonableness of the Offer.

Summary of Valuation

135 We have assessed the value of Giralia's ordinary shares on a controlling interest basis to be in the range of $2.68 to $3.34 with a preferred value of $2.99. Our assessment is based on an aggregate equity value for Giralia ranging from $490.3 million to $611.7 million with a preferred value of $546.9 million.

136 We have valued Giralia by aggregating the estimated value of Giralia's interests in various pre-development assets as well as interests in a number of exploration permits, adding the assessed value of other assets and deducting any liabilities. In our assessment, we have included a reduction in value for corporate overhead costs which are not absorbed into the costs of the exploration and production operations.

137 A summary of the valuation assessment as at the date of this report based on low, preferred and high asset values is set out below.

Valuation Summary ($m)	Low	High	Preferred
Pre-development Assets			
Daltons - Mount Webber	32.5	38.1	35.3
McPhee Creek	320.1	375.2	347.7
Yerecoin	31.8	35.5	33.6
Iron Ore Exploration Assets			
Western Creek	27.9	62.9	45.4
Anthiby Well	5.8	13.1	6.3
Beebyn	1.4	3.6	3.0
Earaheedy	2.3	3.2	2.8
Other Mineral Exploration Assets			
Uranium, Gold, Nickel, Copper, Zinc and Cobalt	6.7	19.3	11.5
Investments			
In listed companies	20.0	20.0	20.0
Less: Allowance for Corporate Overheads	(12.5)	(13.5)	(13.0)
Enterprise Value	**435.9**	**557.4**	**492.6**
Cash at 31 Dec 10	54.5	54.5	54.5
Transaction costs	(1.9)	(2.0)	(2.0)
Cash raised from exercise of options	1.9	1.9	1.9
Total Equity Value of Giralia	**490.3**	**611.7**	**546.9**
Ordinary Shares			181.2
Options			1.9
Number of Shares*	183.1	183.1	183.1
Value per Share ($)	**2.68**	**3.34**	**2.99**

* The number of shares includes 1.9 million of share options exercised for $1.9 million which has been added to the net cash surplus.

Valuation of pre-development assets

138 We have applied a market based approach as the primary valuation methodology to assess the value of the attributable resources of the pre-development iron ore assets held by Giralia at Daltons – Mount Webber, McPhee Creek and Yerecoin.

139 Each of these assets is considered by Giralia to be a relative near-term and potentially viable project and as such has been subjected to a higher level of investigation and are therefore further advanced than the other iron ore projects and other exploration assets in which it holds interests. For example a scoping study has been carried out for each of these three projects and pre-feasibility studies are in progress.

Comparable company analysis

140 We have reviewed the Australian listed companies with iron ore projects and used professional judgement to derive a range of companies which we consider to be comparable to the pre-development assets held by Giralia.

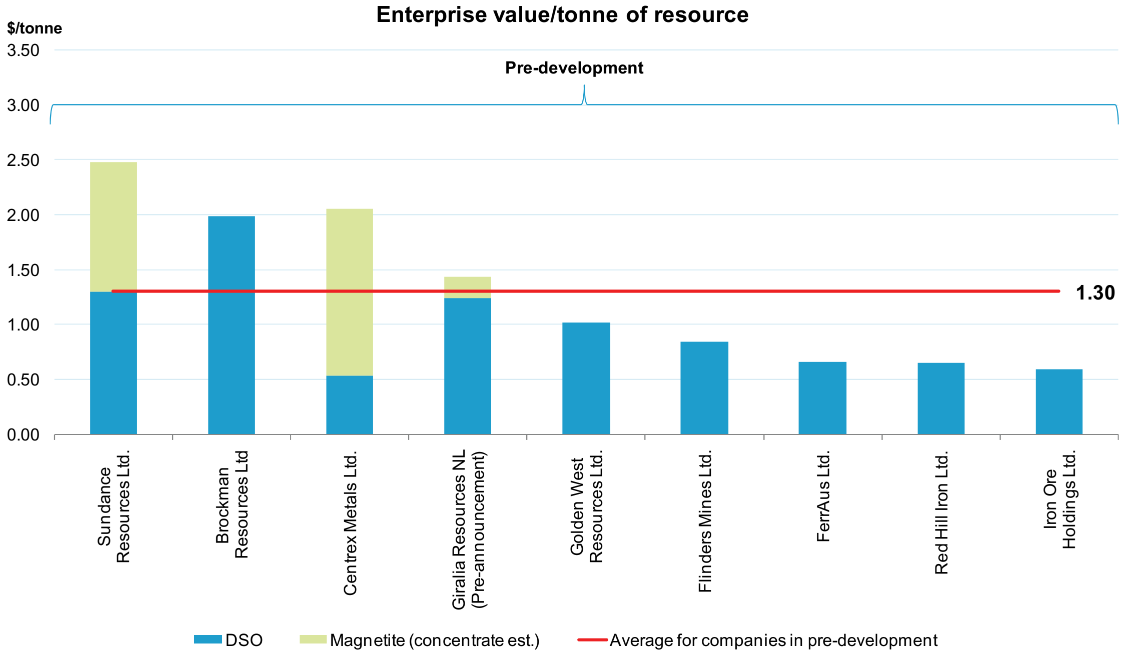
141 Companies which have only exploration projects that are located outside of Australia and companies without JORC compliant resources were excluded from our list of comparable companies. We also excluded BHP Billiton, Rio Tinto and Aquila Resources Ltd ("Aquila") from our comparable company analysis due to the much larger scale of their operations, their significant levels of production and their large portfolio of other mineral assets.

142 The remaining comparable companies were then segmented to allow us to separately analyse those entities with major direct ship grade and/or magnetite projects already in production (or near to production) and those companies with major projects which are at the pre-development stage. Companies classified in our analysis as pre-development include those companies that are yet to complete or undertake a bankable feasibility study on their main projects.

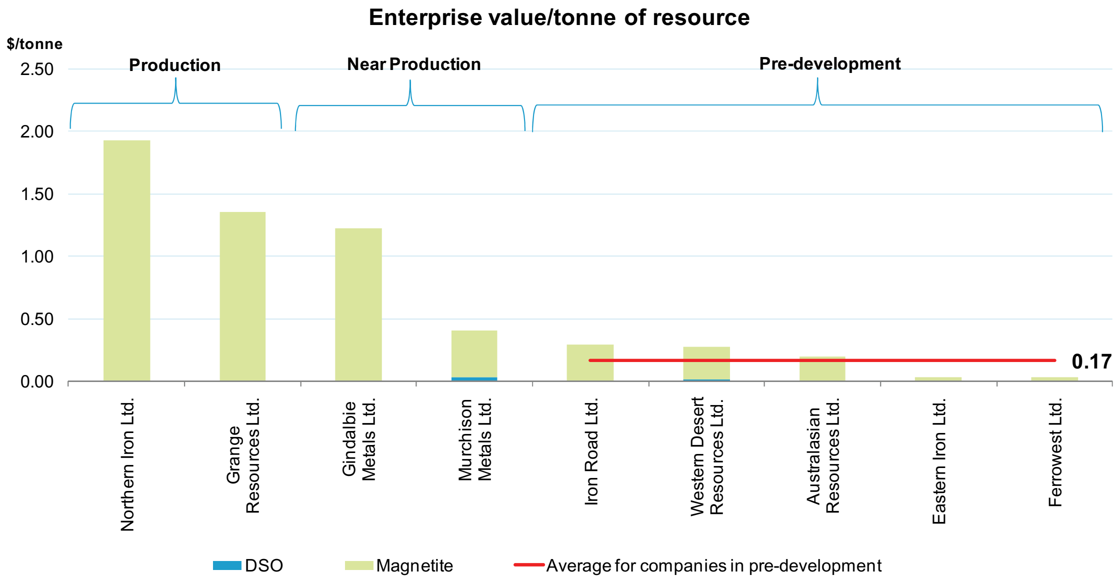
143 We then calculated metrics for each comparable company which included comparing enterprise values to the size of their total resources and to the amount of contained iron attributable to each company. The detailed analysis is included in Appendix E.

144 While this valuation method does not explicitly allow for the individual characteristics of the assets being valued, it is a method that is used in practice to assess the fair market value of pre-development assets for transactions and other purposes due to the level of risk and uncertainty associated with the assets and the level of information available.

145 The graphs below set out the relative enterprise value (which includes a premium for control of 30% being the mid-point of the range of 20% to 40% observed by empirical studies of takeover premia) to total resources for a range of companies with direct ship grade resources and separately for companies which primarily contain magnetite projects.



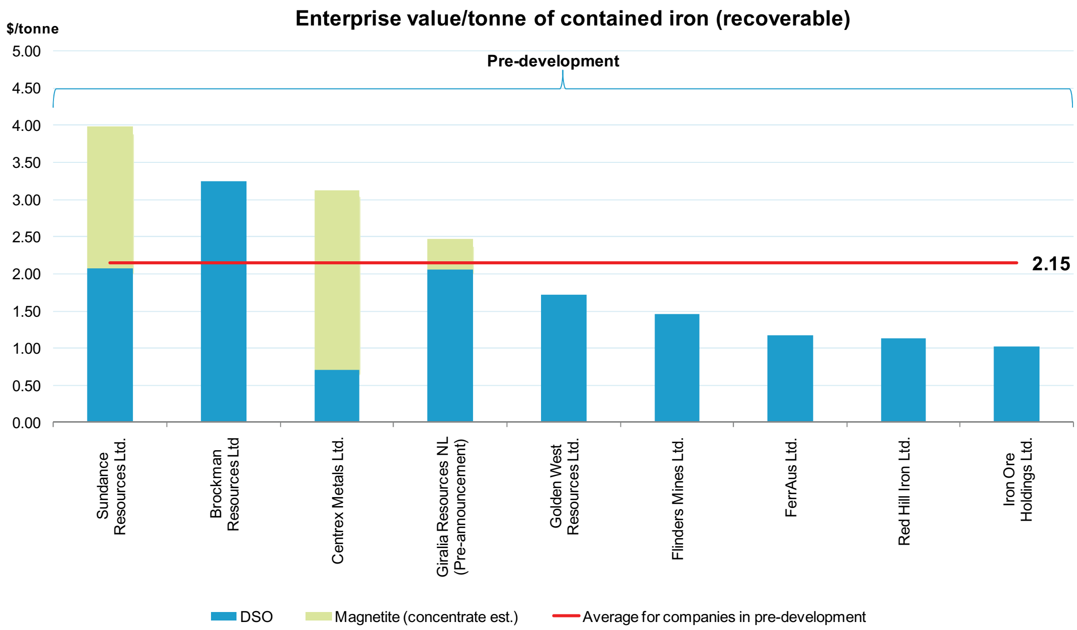
Source: Company announcements and PwCS analysis



Source: Company announcements and PwCS analysis

146 Based on this analysis, we have derived an implied value for direct ship resources of $1.30 per tonne and $0.17 per tonne for magnetite resources based on the average assessed enterprise value / tonne for pre-development comparable iron ore companies.

147 The analysis on a dollar per tonne of resource basis does not effectively take into consideration the variations in the relative grade of iron contained between projects (which for the direct ship grade analysis varies between 56.1% and 61.6% on a weighted average basis for the companies assessed). Therefore, we also calculated an implied value for each company on a per tonne of contained iron basis in an attempt to remove the impact of grade inequalities. The graph below sets out the relative enterprise values to the contained iron content of the total resources of the range of companies assessed.

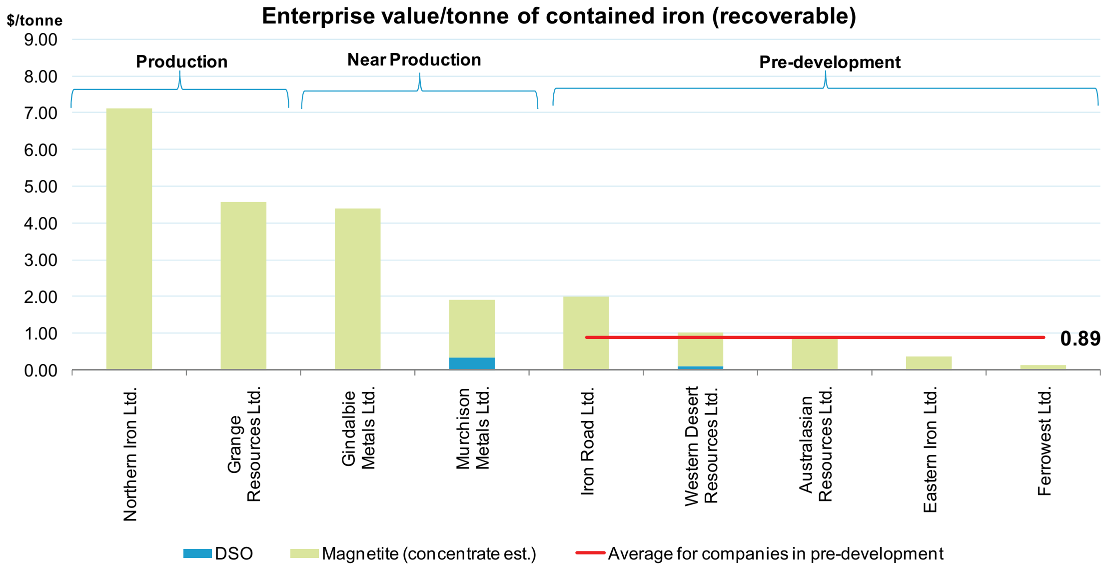


Note: Brockman's assessed contained iron tonnage is based on estimated beneficiated product of 419 Mt at 61% fe

Source: Company announcements and PwCS analysis

148 The analysis on a per tonne of contained iron basis implies an average value of $2.15 per tonne for direct ship grade resources.

149 We have set out below the corresponding analysis for the comparable group of magnetite companies which implies an average value of $0.89 per tonne of contained iron (recoverable). This analysis is based on the estimated contained iron content of concentrate product based on the latest publicly available company information relating to potential weight recoveries and final concentrate grade.



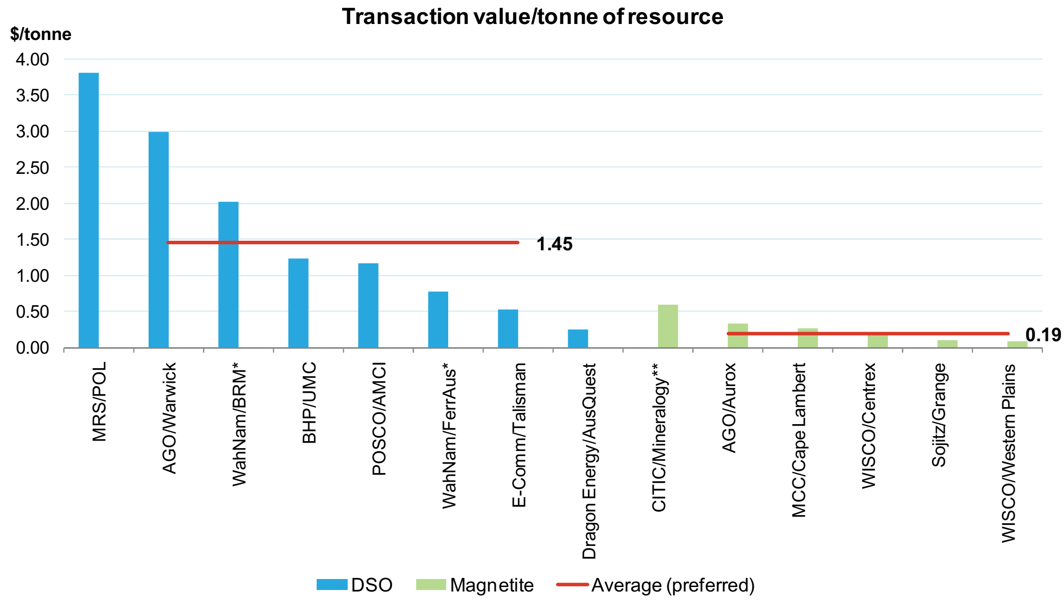
Source: Company announcements and PwCS analysis

Comparable transaction analysis

150 In addition to the above comparable company analysis, we also reviewed recent transaction data to derive implied comparable transaction multiples.

151 It is possible that a number of the transactions identified may involve an element of strategic value depending on the specific rationale for each deal such as the ability to combine stranded assets with infrastructure solutions or the facilitation of increased project optimisation through the combination of deposits in relative close proximity. The extent to which this strategic value is reflected in the transaction terms may depend on the level of synergies created as well as the alternatives available to the acquirer and target. As a result, there is a wide range of multiples observed in the market transaction data. Therefore, we consider it appropriate to adopt an average of the multiples based on transactions involving similar (but not identical) assets to those held by Giralia.

152 The following graph summarises the transaction analysis based on the relationship between transaction values and the corresponding resource base at the date of announcement.



* WahNam/FerrAus and WahNam/BRM are implied transaction values only and are based on Wah Nam's share prices and prevailing exchange rate at the date of the announcements of the offers

** CITIC/Mineralogy transaction reflects the weighted average of the transactions for the Balmoral and Sino Iron deposits and excludes revenue based royalties.

Source: Company announcements and PwCS analysis

153 The Mineral Resources Limited ("Mineral Resources") / Polaris Metals NL ("Polaris") transaction was predominantly undertaken to acquire Polaris' Yilgarn Iron Ore Project located in WA's Mid-West iron ore region and was completed after a competitive bidding process whereby the Mineral Resources offer was increased four times in response to offers by Lion-Asia. This deposit was considered to have significant mineralisation potential and, due to its location, benefits from established rail links to unconstrained export facilities at either Kwinana or Esperance which will allow for rapid development. These assets are considered to be more easily monetised on a standalone basis than Giralia's assets. Therefore, we have excluded this transaction from our analysis.

154 In addition, we have excluded the Dragon Energy LTD ("Dragon Energy") / Ausquest Limited ("Ausquest") transaction due to the relatively small size and low grade of the Rocklea deposit.

155 With the exception of the Mineral Resources / Polaris Metals and Dragon Energy / Ausquest transactions, all the other identified transactions (and implied takeover bids) are considered to be broadly comparable. Each transaction involved relatively comparable iron ore deposits in nature and are located in the export infrastructure constrained Pilbara region of WA. The rationale which has been disclosed for these transactions include the ability to combine stranded assets with infrastructure solutions and the ability for acquirers to increase project

optimisation by increasing resource inventories and more strategically mining / developing combined deposits. This is consistent with the rationale for the proposed acquisition of Giralia by Atlas.

156 Based on the above analysis, we have derived an implied transaction multiple for direct ship grade resources of $1.45 per tonne of resource.

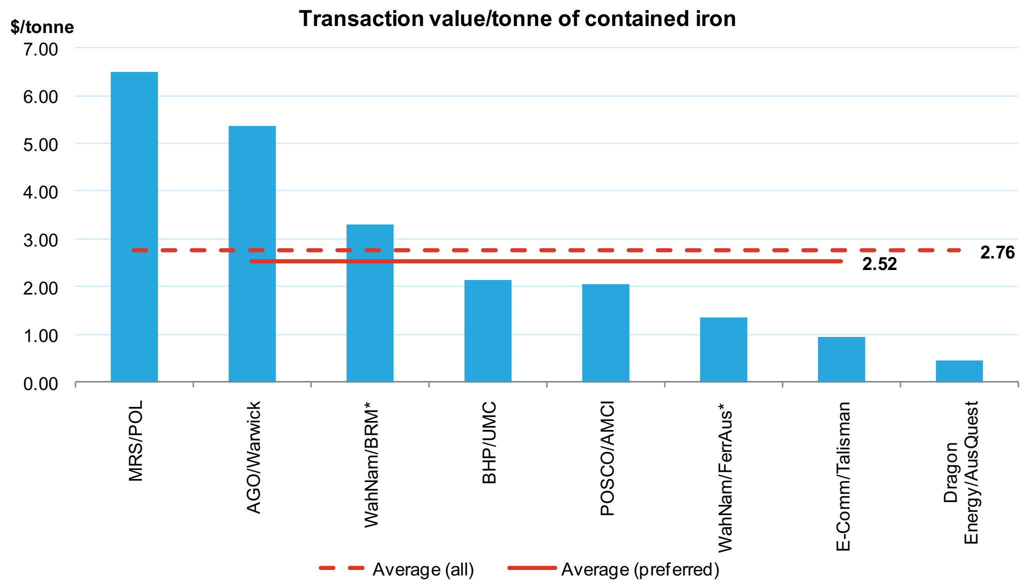
157 The CITIC / Mineralogy transaction is somewhat dated, dating back to April 2006 and involved deposits which supported the development of a large scale magnetite processing facility now known as the Sino Project. For this reason, we have excluded this transaction when deriving implied magnetite transaction multiples.

158 The remaining transactions were undertaken for a variety of stated reasons including obtaining critical port access and strategic holdings in magnetite deposits with perceived significant mineralisation potential in regions that are not subject to constrained access to export infrastructure.

159 Based on the above analysis, we have derived an implied transaction multiple for magnetite resources of $0.19 per tonne.

160 Similar to the comparable company analysis, the implied transaction value per tonne of resource does not effectively take into consideration the variations in the relative grade of iron of the acquired deposits (of between 53.2% and 61.3% for the direct ship grade resources). Therefore, we have also calculated an implied transaction multiple on a per tonne of contained iron acquired in an attempt to remove the impact of grade inequalities.

161 The graph below sets out the relative transaction values to the contained iron content of acquired resources for transactions involving direct ship grade resources.



* WahNam/FerrAus and WahNam/BRM are implied transaction values only and are based on Wah Nam's share prices and prevailing exchange rate at the date of the announcements of the offers

** CITIC/Mineralogy transaction reflects the weighted average of the transactions for the Balmoral and Sino Iron deposits and excludes revenue based royalties.

Source: Company announcements and PwCS analysis

162 Based on the above analysis, we have derived an implied transaction multiple for direct ship grade resources of $2.52 per tonne on a dollar per tonne of contained iron basis.

163 There is a lack of publicly available data regarding the weight recovery and final product specifications relating to the magnetite projects included in our transaction analysis, therefore it has not been possible to derive a multiple on a dollar per tonne of contained iron (recoverable) for the historical transactions included in our analysis.

164 In considering the above analysis we have had regard to the circumstances of each transaction. A brief synopsis of each transaction and its comparability to Giralia's assets is contained in Appendix F.

165 We note that the Wah Nam offers for FerrAus and Brockman are based on implied values only as these transactions have not completed. We have based the transaction multiple on the prevailing share price of Wah Nam and exchange rate at the time each offer was initially made. If these potential transactions are removed from our analysis our derived implied transaction multiples for direct ship grade resources become $1.48 per tonne of resource basis and $2.62 per tonne on a dollar per tonne of contained iron basis.

Valuation of pre-development projects

166 The comparable company and transaction analysis derives the following table of implied multiples to apply to Giralia's pre-development projects being Daltons – Mount Webber and McPhee Creek.

	$/tonne resource		$/tonne contained iron	
	Comparable companies	Comparable transactions	Comparable companies	Comparable transactions
Direct ship grade	1.30	1.45	2.15	2.52
Magnetite	0.17	0.19	0.89	n/a

167 We consider that due to the inequalities of iron ore grade between direct ship grade deposits it is more appropriate to employ a multiple based on the amount of contained iron to value Giralia's interests in direct ship grade pre-development projects. The implied valuation range for each of these assets is set out in the following table.

	Resource (Mt)	Average Grade (%Fe)	Contained iron (Mt)	Value range ($m) Low	High	Preferred
$/t contained iron				*2.150*	*2.520*	*2.335*
Daltons – Mount Webber	26.3	57.2	15.1	**32.5**	**38.1**	**35.3**
McPhee Creek	265.0	56.2	148.9	**320.1**	**375.2**	**347.7**

168 Transactions relating to magnetite deposits are often cited on a dollar per resource basis due to the significant economies of scale attributable to large scale magnetite processing capability. Therefore, we have used a multiple based on the size of resources to derive an implied value for the magnetite project held by Giralia as set out in the following table.

	Resource (Mt)	Average Grade (%Fe)	Contained iron* (Mt)	Value range ($m) Low	High	Preferred
$/t resource				*0.170*	*0.190*	*0.180*
Yerecoin	186.8	30.9	43.0	**31.8**	**35.5**	**33.6**

* Yerecoin's assessed contained iron tonnage is based on a recovery of 32.8% and a final concentrate grade of 70.1%

Daltons - Mount Webber

169 Our assessment of the fair market valuation for Giralia's interest in Daltons - Mount Webber is $32.5 million to $38.1 million with a preferred value of $35.3 million.

170 This compares to our revised NPV calculation based on the base case development option from the scoping study of $100.7 million on a 75% project basis.

171 The fair market value of $32.5 million to $38.1 million reflects the risk and uncertainty associated with the project development due to lack of access to infrastructure and therefore

we would expect the fair market value to be considerably lower than the DCF assessment based on the scoping study. The scoping study NPV assumes the commencement of project development whereas additional amounts will need to be spent and significant uncertainties need to be resolved in order to de-risk the project between now and project development.

McPhee Creek

172 Our assessment of the fair market valuation for McPhee Creek is $320.1 million to $375.2 million with a preferred value of $347.7 million.

173 We calculated a revised NPV based on the base case development option from the scoping study to be $91.1 million.

174 While the size of the McPhee Creek deposit warrants a larger project development than 2 Mtpa, the lack of access to rail and port infrastructure limits the size of the project development at McPhee Creek which may be undertaken by Giralia on a standalone basis. Therefore, whilst the revised NPV calculation does represent a de-risked value as it assumes port access of 2 Mtpa is available and development can commence immediately, this is more than offset by the constrained development size due to lack of infrastructure, leading to a significantly higher fair market value which a likely buyer with an infrastructure solution will attribute to the asset.

Yerecoin

175 Our assessment of the fair market valuation for Yerecoin is $31.8 million to $35.5 million with a preferred value of $33.6 million.

176 We calculated a revised NPV based on the base case development option from the scoping study to be $37.2 million.

177 As for Daltons – Mount Webber, the revised NPV calculated for Yerecoin represents a potential project value for Yerecoin on a de-risked basis as further drilling and product testing is required before development can commence. Unlike the McPhee Creek and Daltons - Mount Webber projects, the development of the Yerecoin project is less likely to be constrained by infrastructure; therefore the adjusted DCF value represents a potential value for the project, albeit further expenditure will be required to bring the project to development. Notwithstanding this, the project appears to be somewhat marginal and may be attractive to a buyer who is interested in securing the end product to which it can add value further down the supply chain.

Valuation of exploration portfolio

178 The primary valuation methodology adopted by Ravensgate in valuing the exploration asset portfolio is a market-based approach based on a range of transaction terms and industry rules of thumb (multiple of exploration expenditure and "in-situ" resource method of valuation).

179 Ravensgate has assessed the fair market value of Giralia's interest in the exploration assets over future expenditure commitments to be in a range of $44.1 million to $102.1 million as set out in section 1 of the Short Form Ravensgate Technical Expert's Report. We have adopted this valuation range for the purposes of our fair market value assessment with a preferred value of $69.0 million.

Valuation of investment portfolio

180 The primary valuation methodology adopted in valuing the investment portfolio is a market-based approach based on the current market value of the shares in the listed companies held by Giralia as at 14 January 2011.

Security	% of Total Issued Shares	Number of Shares Held (millions)	Share Price $	Market Value $m
Red 5 Ltd.	<0.1%	0.2	0.20	0.0
U3O8 Ltd.	15.0%	15.8	0.20	3.2
Hazelwood Resources Ltd.	1.7%	4.0	0.21	0.8
Zenith Minerals Ltd.	10.8%	8.0	0.35	2.8
Peninsula Energy Ltd.	1.0%	19.6	0.09	1.8
Carpentaria Exploration Ltd.	9.1%	8.6	0.73	6.3
Gascoyne Resources Ltd.	5.9%	3.6	0.10	0.3
Entree Gold Inc.*	1.3%	1.5	3.08	4.7
Total				**20.0**

* Price as at 13/01/11, translated at AUD/CAD 1.01

Source: Giralia, Bloomberg.

181 We note that the shares in the companies in which Giralia holds over 5% of the issued share capital are not heavily traded with the monthly average number of shares traded representing between 3% and 4.5% of the issued capital over the 12 months to 31 December 2010. This may result in a discount applying to the price at which Giralia may be able to sell its interest in these companies.

Other Sundry Assets and Liabilities and Tax Losses

182 We have reviewed Giralia's assets and liabilities to ascertain the extent to which the assets and liabilities as at 30 November 2010 have been reflected in the underlying values of the exploration and pre-development assets.

183 Giralia has revenue losses for tax purposes of $3.2 million. These losses will be available to be offset against taxable income from mining operations and will therefore add some additional value to Giralia's project developments. However, as the timing of project development is uncertain and the tax losses are immaterial relative to the project values, we have not attributed any value to the tax losses.

184 Based on discussions with management, no significant off balance sheet assets or liabilities were identified which require separate valuation adjustment. Expenditure commitments relating to exploration permits held by Giralia are implicitly reflected in the valuation of those permits by Ravensgate.

Corporate Overheads

185 The valuation of Giralia's exploration and pre-development assets does not explicitly include the costs associated with the corporate administration of Giralia. We note that the values of comparable companies and transactions used to value the pre-development assets do make an implicit allowance for the value of assets and liabilities which are in addition to the resource base, including the present value of future corporate overheads. However, we have assumed that these additional items largely offset.

186 Accordingly, we have made a separate allowance for the corporate overhead costs as a deduction from the aggregate value of Giralia's operations and other investments.

187 We have assessed the allowance for Giralia's corporate overheads to be between $12.5 million and $13.5 million using a DCF approach, with a preferred allowance of $13.0 million. The key assumptions we have adopted in this assessment included:

- an average annual corporate administration cost of $2.25 million;
- an effective period of 20 years based on Giralia's production horizon as provided by Ravensgate;
- tax relief at the corporate tax rate of 30%; and
- a discount rate of 13.5% to 15% per annum in line with the cost of capital which has been applied to the project cash flows in the scoping study revised NPV calculations.

Cash and Net Debt

188 We have adopted the cash balances held by Giralia at 31 December 2010 of $54.5 million in our valuation.

189 Transaction costs of approximately $1.9 million to $2.0 million, which are expected to be incurred in relation to the Offer regardless of the outcome, have been deducted from cash in our valuation assessment.

190 An amount of $1.9 million which is assumed to be raised from the exercise of options has been added to cash in our valuation assessment.

Valuation Cross Check

191 We have assessed the fair market value of a Giralia share to be in a range of $2.68 to $3.34 with a preferred value of $2.99. While the range is relatively wide, this is consistent with the level of risk and uncertainty relating to its pre-development assets.

192 Our fair market value assessment is in line with the one month and three month VWAP, prior to the Transaction Announcement, of a Giralia share of $2.98 and $2.89, respectively. However, as our fair market valuation assessment has been determined based on a sum of the parts valuation of the individual assets of Giralia, it is on a controlling interest basis. This indicates that the prices at which Giralia shares were trading prior to the Transaction Announcement appear somewhat high relative to our fair market valuation assessment. We also note that overall the share price appears high relative to the NPV scoping study values.

193 We consider that the Giralia market capitalisation prior to the Offer assumes the projects would get developed. However, the form that development would have taken was uncertain. Options for development included standalone development through access to infrastructure, combined project development with another entity or through acquisition of the Company. As a result, the Giralia share price prior to the Offer Announcement appears to reflect a value for its underlying assets which is greater than their value if developed by Giralia on a standalone basis.

194 We also note that the relative size of the value attributable to McPhee Creek is consistent with the significant uplift in the stated resource of McPhee Creek announced during the year and resultant share price increases.

195 We reviewed broker reports in relation to Giralia and note that the target prices adopted in research reports issued between 29 June 2010 and 13 December 2010 were in a range of $2.45 to $3.52 per share.

Recent Giralia Share Price

196 The Giralia share price increased significantly after the Transaction Announcement. Since the Transaction Announcement by Atlas on 21 December 2010, Giralia shares have traded in the range of $4.03 to $4.95.

197 This reflects the terms of the Offer and movements in the Atlas share price.

V Consideration Offered

Background

198 Atlas is an iron ore exploration and production company which listed on ASX on 17 December 2004 and has grown rapidly since listing. Based on its closing share price of $3.29 on 14 January 2011, Atlas had a market capitalisation of $1,799.9 million.

199 Atlas commenced iron ore production in 2008 and shipped its first ore through Fortescue's port facility at Port Hedland in December 2008. In September 2010, Atlas exported its first shipment of ore through its own port allocation at Utah Point. It is currently exporting at a rate of 6 Mtpa from two mines at Pardoo and Wodgina. It has plans to develop a centralised crushing and processing facility to be known as the Turner River Hub as part of its plan to increase production to 12 Mtpa by 2012.

200 Atlas has grown through successful exploration and development as well as through acquisition. Atlas acquired Aurox Resources Limited in August 2010 which provided additional port capacity at Utah Point of at least 6 Mtpa from March 2012 increasing to 10 Mtpa from 2015 as well as the Balla Balla titanomagnetite project. In December 2009, Atlas acquired Warwick Resources Limited which added to Atlas' mineral resources and exploration target. Atlas currently has total direct ship grade resources (measured, indicated and inferred) of 204.7 Mt at 56.7% Fe.

201 Atlas has been able to move to production through its access to infrastructure. It was allocated 3 Mtpa capacity at Utah Point in 2007 as part of the development of the port facility and it has added to its port capacity over time through acquisition. Atlas is also a member of the North West Iron Ore Alliance which has plans to develop port facilities at South West Creek. Atlas recently announced that it had entered into discussions with BHP Billiton in relation to rail haulage on its Goldsworthy line.

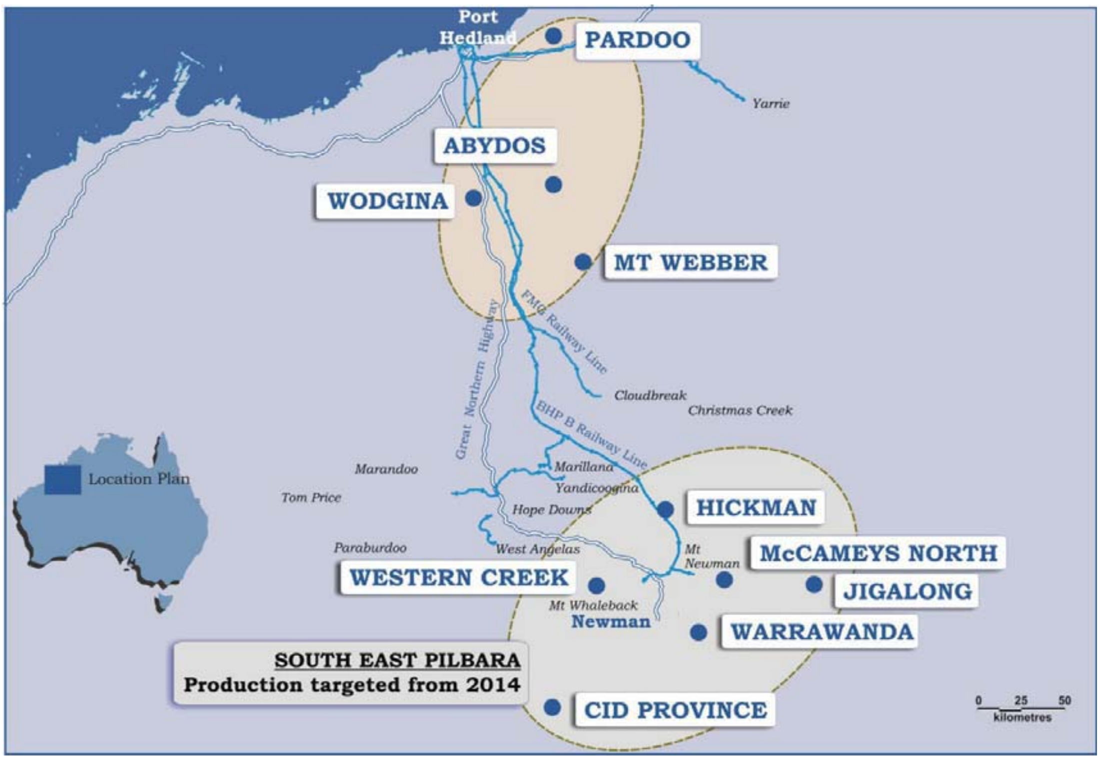
202 Atlas also holds a 45.2% interest in Shaw River Resources Limited, a gold and base metals exploration company.

203 Atlas' key assets include:

- producing DSO projects at Pardoo and Wodgina;
- pre-development DSO projects at Mount Webber and Abydos in the Pilbara and further projects in the Mid-West regions of WA;
- the proposed Turner River Hub;

- pre-development magnetite projects at Ridley and Balla Balla; and
- interests in a number of exploration projects.

204 The location of Atlas' key DSO projects are set out in the following map.



Source: Atlas

Atlas' Key Assets

Pardoo project

205 The Pardoo DSO project is located approximately 75 km east of Port Hedland. Pardoo is Atlas' first producing iron ore mine with operations commencing in October 2008. Ore is crushed and screened on site and transported to Port Hedland by road along the Great Northern Highway. Atlas is currently exporting DSO from its Pardoo (and Wodgina) projects at a combined rate of approximately 6 Mtpa. As discussed above, Atlas recently announced that it is in discussions with BHP Billiton in relation to rail access to BHP Billiton's Goldsworthy line.

Wodgina DSO project

206 The Wodgina DSO project is located approximately 100 km south of Port Hedland. Atlas acquired the rights to Wodgina from Talison Minerals Pty Ltd in February 2008 and focused its exploration activity on the area from late 2008. The development of the project was accelerated due to the availability of mine infrastructure nearby when Talison placed its tantalum operation on care and maintenance. Mining commenced at Wodgina in June 2010 with first ore haulage to the port in early September 2010. The combined production from the Wodgina and Pardoo DSO projects is 6 Mtpa with the ore from Wodgina transported by road to Port Hedland.

Abydos DSO project

207 Abydos is located 130 km south of Port Hedland and is expected to be Atlas' next mining operation. Atlas has completed a pre-feasibility study for a proposed 3 Mtpa operation at Abydos which will contribute to Atlas' targeted expansion of production to 12 Mtpa by 2012.

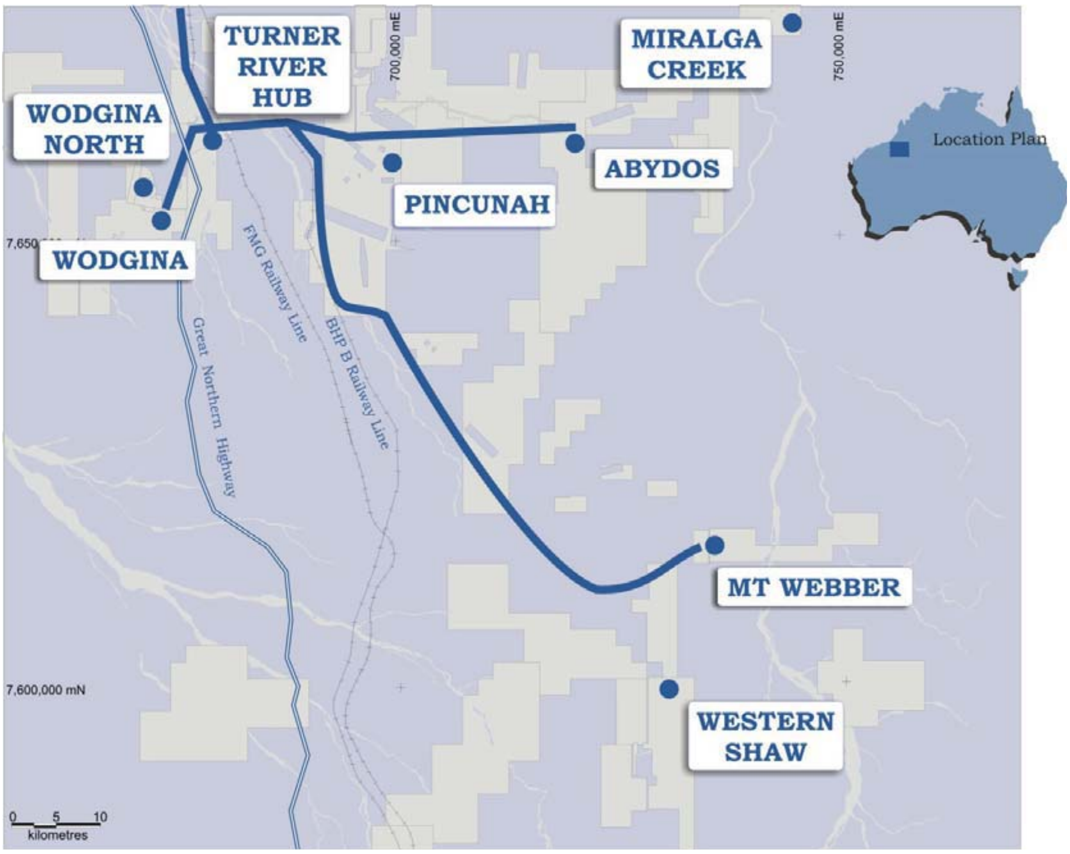
Mount Webber DSO project

208 Atlas holds 70% of the Mount Webber DSO project which it acquired from Altura Mining Ltd. Mount Webber is located 150 km south-southeast of Port Hedland and adjoins Giralia's Daltons – Mount Webber project. Atlas is in the process of completing a definitive feasibility study as part of the Turner River Hub definitive feasibility study for a proposed 3 Mtpa project at Mount Webber to meet its planned expansion.

Turner River Hub

209 Atlas is also planning to develop a centralised crushing and screening facility to be known as the Turner River Hub that will centrally process ore from Mount Webber, Wodgina and Abydos before haulage by private haul road or rail 95 km to Port Hedland. The Turner River Hub is a key part of Atlas' strategy to increase its production to 12 Mtpa by December 2012.

210 The location of the Turner River Hub and the relevant DSO projects are shown on the following map.



Source: Atlas

Ridley magnetite project

211 The Ridley magnetite project is located within the Pardoo project area. It has an indicated and inferred resource of 2 billion tonnes at 36.5% Fe which converts into a reserve of 970 Mt at 36.0% Fe. Atlas carried out a pre-feasibility study on the Ridley Magnetite Project in April 2009 which included a mining operation that would mine approximately 48 Mtpa of magnetite to produce 15 Mtpa of concentrate for export after a multi stage grinding and magnetic separation process. Total capital expenditure is expected to be $2.97 billion with real operating costs of $36.22 / tonne of concentrate.

Balla Balla project

212 The Balla Balla project is located near Whim Creek 15 km from the Pilbara coast, midway between Port Hedland and Karratha. Balla Balla has a resource of 456 Mt at 44.7% Fe and reserves of 229 Mt at 44.7% Fe and will produce magnetite iron ore, vanadium and titanium feedstock. Subject to funding, construction of phase 1 of the project is expected to commence in 2011 with production ramp up in the second and third quarters of 2013 and full

production in the fourth quarter of 2013. The eventual production rate at the mine is envisioned to be 10 Mtpa.

Exploration areas

213 Atlas holds interests in a number of other exploration tenements including in the south Pilbara and Mid-West regions of WA.

Historical Financial Results

214 Atlas' historical financial results for the years ended 30 June 2008, 30 June 2009 and 30 June 2010 have been extracted from Atlas' 30 June 2009 and 30 June 2010 audited annual reports.

Historical Earnings

215 Atlas' reported earnings for the 12 months ended 30 June 2008, 30 June 2009 and 30 June 2010 are shown in the table below:

$ in thousands	FY08 Audited	FY09 Audited	FY10 Audited
Revenue	-	26,427	84,769
Other revenue	88	-	7
Total revenue	**88**	**26,427**	**84,776**
Cost of sales	-	(29,768)	(74,436)
Exploration and evaluation expenses	(33,884)	(52,296)	(24,174)
Other expenses	(3,158)	(3,493)	(6,084)
EBITDA (before special items)	**(36,954)**	**(59,130)**	**(19,918)**
Gain on sale of mining properties	955	-	8,037
Loss on sale of plant, property and equipment	-	-	(41)
Recognised gain on investment transferred from reserves	-	-	10,659
Government grants	-	-	83
Depreciation and amortisation expenses	(343)	(3,677)	(16,850)
Goodwill attributable to exploration assets written off	-	-	(18,330)
Share based payment expense	(5,962)	(5,639)	(2,436)
Share of loss of associate	-	(1,362)	(2,241)
Share of loss of joint venture	(2,074)	-	(1,703)
Subsidiary acquisition-related costs	-	-	(5,066)
Finance income	6,036	6,664	6,960
Profit from operating activities before tax	**(38,342)**	**(63,144)**	**(40,846)**
Income tax expense	-	-	-
Profit attributable to equity holders	**(38,342)**	**(63,144)**	**(40,846)**

Source: Atlas 2009 and 2010 annual reports

216 Atlas began producing from its Pardoo DSO project during 2008, with the first shipment of ore out of Port Hedland in December 2008 via Fortescue's port facility at Port Hedland

generating $26.4 million of revenue in FY09. Mining production and tonnages shipped increased in FY10 to 1.2 Mt and 1.1 Mt respectively, which coupled with rising iron ore prices led to a corresponding increase in revenue.

217 Cost of sales which relate to mining, haulage, port, shipping and royalty costs exceeded revenue in both FY09 and FY10. Atlas is targeting a decline in production costs per tonne as production from its mining operations ramps up further and economies of scale are realised.

218 In line with Atlas' accounting policy, exploration expenditure is written off in the year in which it is incurred. The level of exploration activity declined in FY10 compared to FY09 in line with the business's transition into development of its key assets, the expenditure for which is capitalised on the Atlas balance sheet.

219 Atlas increased its interest in Warwick Resources Ltd from approximately 20% to 100% during FY10 incurring acquisition costs of $5.1 million. Atlas recognised a gain of $10.7 million from the re-measurement of its existing 20% holding at the date of the acquisition. The goodwill acquired as part of the acquisition of $18.3 million was immediately written off in the income statement.

Historical Cash Flows

220 The table below presents a summary of Atlas' cash flows for the years ended 30 June 2008, 30 June 2009 and 30 June 2010.

$ in thousands	FY08 Audited	FY09 Audited	FY10 Audited
Cash flows from operating activities			
Cash receipts from customers	-	25,354	85,496
Payments to suppliers and employees	(4,227)	(41,597)	(89,018)
Interest and grants received	4,994	6,996	5,341
Payment for security deposits	(5,026)	-	(2,009)
Expenditure on exploration and evaluation activities	(30,321)	(51,849)	(24,867)
Interest paid	-	(1)	-
Income tax paid	-	(5)	-
Net cash used in operating activities	**(34,580)**	**(61,102)**	**(25,057)**
Cash flows from investing activities			
Proceeds from disposal of mining tenements	-	-	8,500
Proceeds from disposal of plant and equipments	-	-	14
Acquisition of property, plant and equipment and intangibles	(4,342)	(6,940)	(6,899)
Acquisition of tenements	(5,650)	(1,910)	(113)
Development of mineral tenements	(4,320)	(19,895)	(45,621)
Loan to other entities	-	-	(14,256)
Payment for investments	(5,379)	-	-
Acquisitions of shares in associated company	-	(2,177)	(4,413)
Net cash from/(used in) investing activities	**(19,691)**	**(30,922)**	**(62,788)**
Cash flows from financing activities			
Proceeds from issue of ordinary shares	195,325	72,385	127,895
Net share issued costs (paid)/refunded	(12,137)	418	(9,431)
Net cash from financing activities	**183,188**	**72,803**	**118,464**
Net (decrease)/increase in cash and cash equivalents	**128,917**	**(19,221)**	**30,619**
Cash and cash equivalents at 1 July	14,433	143,350	124,350
Effect of exchange rate changes on cash and cash equivalents	-	221	(36)
Cash and cash equivalents at 30 June	**143,350**	**124,350**	**154,933**

Source: Atlas 2009 and 2010 annual reports

221 The cash flows from Atlas' production from the Pardoo project did not cover its operating activities in FY09 and FY10. To date, Atlas has funded the cash shortfall from exploration, project development and production activities through the issue of further equity.

222 Atlas has raised $395.6 million over the three year period through a number of share issues and the exercise of share options. Shares on issue have increased from 231.4 million shares at 1 July 2007 to 473.7 million shares at 30 June 2010, this includes 41.7 million shares issued to acquire Warwick Resources Ltd in FY10.

Historical Financial Position

223 The financial position of Atlas at 30 June 2009 and 30 June 2010 is set out in the table below:

$ in thousands	30 June 2009 Audited	30 June 2010 Audited
Current assets		
Cash and cash equivalents	124,350	154,933
Receivables	5,032	24,423
Inventories	8,336	14,862
Total current assets	**137,718**	**194,218**
Non-current assets		
Other financial assets	5,516	-
Other receivables	21,004	18,083
Investment accounted for using the equity method	1,541	2,312
Plant and equipment	10,279	15,164
Intangibles	217	197
Mine and port development costs	25,405	67,921
Mining tenements capitalised	25,113	90,746
Total non-current assets	**89,075**	**194,423**
Total Assets	**226,793**	**388,641**
Current Liabilities		
Trade and other payables	22,723	20,862
Provisions	2,169	1,768
Total current liabilities	**24,892**	**22,630**
Non-current liabilities		
Provisions	1,984	7,011
Total non-current liabilities	**1,984**	**7,011**
Total Liabilities	**26,876**	**29,641**
Net Assets	**199,917**	**359,000**
Equity		
Issued capital	296,984	508,677
Shares to be issued	12,913	-
Reserves	15,887	17,036
Accumulated losses	(125,867)	(166,713)
Total equity	**199,917**	**359,000**

Source: Atlas 2009 and 2010 annual reports

224 As at 30 June 2010, Atlas had $154.9 million in cash holdings with which to fund future exploration and development of its mineral assets. Cash holdings had increased to $171.0 million at 6 January 2011.

225 Receivables increased at 30 June 2010 from the prior year due to a $13.0 million loan to a third party entity and a $16.2 million prepayment to the Port Hedland Port Authority in relation to securing port access at Utah Point, of which $4.2 million is included in current

assets. The port access prepayment will be recouped against port handling charges on future tonnages shipped.

226 Atlas' investment in Warwick Resources Ltd was valued at $5.5 million as at 30 June 2009. As a result of Atlas' acquisition of 100% of Warwick Resources Ltd in FY10, the net assets of Warwick Resources Ltd were consolidated as at 30 June 2010 including mining tenements of $70.0 million.

227 During FY10, Atlas had capitalised a further $42.5 million in mine and port development costs as a result of its continued investment in the Pardoo and Wodgina mines and development of the proposed Turner River Hub.

228 At 30 June 2010, Atlas' 45.2% ownership interest in Shaw River Resources Ltd was valued at $2.3 million and was presented as an investment in an associate on the consolidated balance sheet.

Capital Structure

Ordinary Shares

229 Atlas has 547,089,119 ordinary shares on issue as at 14 January 2011. The top 20 shareholders held approximately 339.1 million shares, or 62.0% of the total issued shares as at 4 January 2011. The breakdown of top 20 shareholders at 4 January 2011 is shown below:

Rank	Name of Holder	Shares Held (Millions)	Shareholding %
1	National Nominees Ltd	81.2	14.8%
2	IMC Resource Investments Pty Ltd	66.7	12.2%
3	HSBC Custody Nominees Australia Ltd	43.9	8.0%
4	Citicorp Nominees Pty Ltd	30.2	5.5%
5	J P Morgan Nominees Australia Ltd	29.3	5.4%
6	Cogent Nominees Pty Ltd	14.5	2.6%
7	J P Morgan Nominees Australia Ltd	13.4	2.4%
8	RBC Dexia Investor Services Australia Nominees Pty Ltd	13.3	2.4%
9	CS Fourth Nominees Pty Ltd	7.6	1.4%
10	HR Equities Pty Ltd	6.4	1.2%
11	HSBC Custody Nominees Australia Ltd	5.6	1.0%
12	Brispot Pty Ltd	5.3	1.0%
13	Woodross Nominees Pty Ltd	5.2	0.9%
14	Cogent Nominees Pty Ltd	3.6	0.7%
15	HSBC Custody Nominees Australia Ltd	2.6	0.5%
16	AMP Life Ltd	2.4	0.4%
17	Warbont Nominees Pty Ltd	2.2	0.4%
18	UBS Nominees Pty Ltd	2.1	0.4%
19	Ecapital Nominees Pty Ltd	2.0	0.4%
20	Pan Australia Nominees Pty Ltd	1.6	0.3%
	Top 20 shareholdings total	**339.1**	**62.0%**
	Ordinary shareholdings total	**547.1**	

Source: Atlas Security Transfers Register 4/01/11

Options

230 Atlas also has 28,833,000 options on issue with exercise prices ranging from $0.30 to $5.00. We consider that the potential dilution impact of these options is reflected in the Atlas share price.

Assessment of the Consideration offered by Atlas

231 Under the terms of the Offer, Giralia shareholders are offered 1.5 Atlas shares for every share held in Giralia or 1.33 Atlas shares plus $0.50 cash for each share held in Giralia. To assess the scrip component of the All Scrip Alternative and the Scrip and Cash Alternative, it is necessary to consider the value of an Atlas share on a non-controlling or minority interest basis.

232 The Atlas shares to be issued to Giralia shareholders as consideration under the Offer reflect shares in the merged business. The value of an Atlas share post-transaction will reflect the value of the standalone Atlas business, the value of the standalone Giralia business and the value of synergies created as a result of the transaction. In carrying out our assessment of the Offer, we have therefore carried out an analysis of Atlas shares prior to the Transaction Announcement to understand the value of the standalone Atlas business as well as since the Transaction Announcement in order to understand the market's assessment of the value of the merged business.

Atlas standalone

233 In a scrip offer, it is reasonable to value the shares being offered by reference to market prices. Although share prices reflect minority trades in the underlying company, these prices are effectively the cash equivalent of the Atlas offer to a Giralia shareholder. The Atlas share price is the amount that a Giralia shareholder could realise in the immediate or foreseeable future through the subsequent sale of the Atlas shares issued as consideration.

234 It is expected that in the long run Atlas' share price will fluctuate in response to general market movements, changes in the iron ore industry and future events specific to Atlas. A fully informed market makes an assessment on value incorporating all available information on a company's prospects, future earnings and risk. Assuming no abnormal circumstances, the share market typically provides an objective measure of the fair market value of shares in a listed company. This assumption is supported by the following considerations:

- the ASX Listing Rules impose continuous disclosure obligations on listed companies with the objective of keeping markets fully informed;

- Atlas shares are actively traded, with monthly volumes during the 12 months to 31 December 2010 averaging approximately 83.6 million shares or 15.2% of the total issued capital;
- Atlas is represented in the ASX 200 share index; and
- there are a number of Australian iron ore companies by which Atlas' performance may be benchmarked.

235 Based on publicly available information, there is no reason to believe that there is a material mispricing of Atlas shares by the market. We believe it is reasonable to assume that the market price represents an unbiased estimate of value and is the best guide to valuing Atlas shares for the purpose of assessing the Offer.

236 It is possible to undertake a fundamental analysis of Atlas and make an assessment of value; however we have no additional information to that already available in the market. In addition, any assessment of full underlying value would need to be judgementally discounted in order to estimate the fair market value of a minority interest in Atlas. We have no reason to believe that this approach would provide a more reliable estimate of value than that provided by the share price.

237 The share price performance and trading volumes of Atlas shares from 1 January 2010 to 14 January 2011 is shown in the graph below.

Source: Bloomberg and PwCS analysis

238 Atlas' share price has increased significantly over the period. The historical trend in the share price can be principally explained by:

- the announcement of a port co-operation agreement with Aurox in February 2010 and the subsequent merger of the two entities which was announced in March 2010 and completed in August 2010. This transaction gave Atlas a significant increase in its long term port access capacity at Port Hedland (a potential additional 10 to 12 Mtpa);
- the impact of a strong increase in the market price for iron ore in the first four months of 2010;
- the announcement of the proposed RSPT on 2 May 2010 and the subsequent federal election introduced a significant amount of uncertainty into the mining sector which had an adverse impact on share prices during that period. This coincided with a moderation in the iron ore price in the period from May to July 2010;
- the replacement of the RSPT with the less onerous MRRT followed by an increase in production from the commencement of mining at the Wodgina mine has seen the Atlas share price rise significantly over the second half of 2010;
- Atlas' success in exploration and development activity, in particular the commencement of mining operations at Wodgina and the exporting of first ore from Utah Point in September 2010;
- the announcement that Atlas had met its stated objectives of meeting a 6 Mtpa target export rate two months ahead of schedule;
- new DSO discoveries at Hickman and McCamey's North, located in south east Pilbara in October 2010;
- the announcement in November 2010 that Atlas had entered into a Memorandum of Understanding with BHP Billiton to consider point to point rail haulage on BHP's Goldsworthy line to the junction of BHP Billiton's Newman rail line; and
- the achievement of a decline in cash operating costs to $45 per tonne free on board during the quarter to December 2010 and an increase in cash reserves to $171 million as at 6 January 2011.

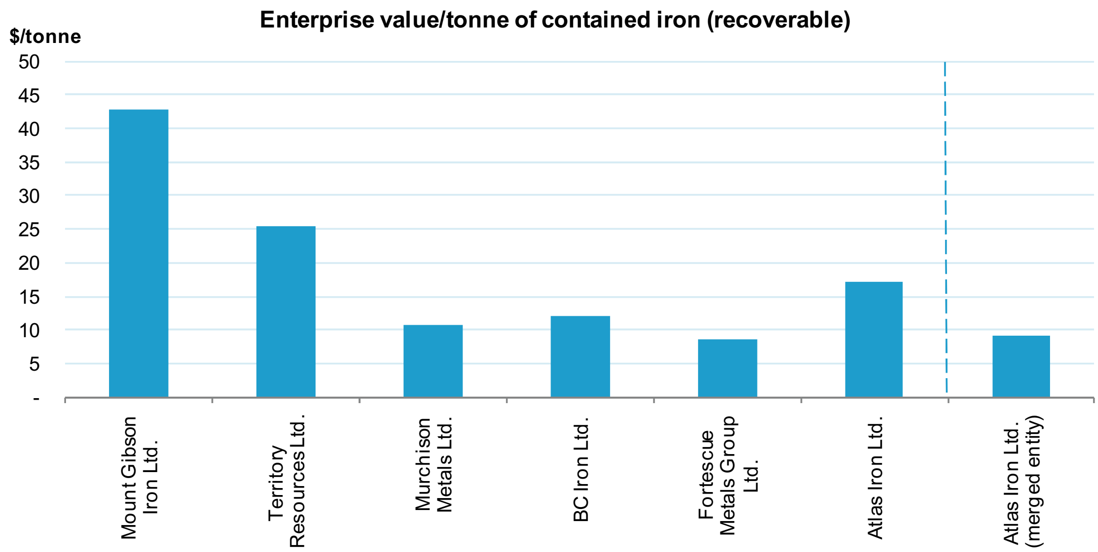
239 Atlas' share price reduced slightly following the Transaction Announcement on 21 December 2010. It has largely been trading in line with pre-announcement levels since, but has risen in the week ending 14 January 2011.

240 The table below shows the VWAP of Atlas shares for a number of periods up to the date prior to the Transaction Announcement.

Trading periods to 20 December 2010	High $	Low $	VWAP $	Cumulative volume traded millions	% of issued capital
1 month	3.23	2.73	3.00	77.4	14%
3 month	3.23	2.13	2.71	284.0	52%
6 month	3.23	1.91	2.48	486.3	89%
12 month	3.23	1.68	2.35	1,012.8	185%

Source: Bloomberg and PwCS analysis

241 We also considered the price at which Atlas shares are trading relative to other Australian listed iron ore producing companies. We have excluded Rio Tinto and BHP Billiton which are not comparable due to the scale of their operations and the diversified mineral interests they hold. For the purposes of this comparable analysis we assessed the enterprise value of Atlas and the comparable Pilbara based producers relative to the contained metal content of their resources. The analysis is set out in the following graph:



Source: Company announcements and PwCS analysis

242 We consider that Mount Gibson Iron Ltd and Territory Resources Ltd are outliers due to their high levels of near-term production relative to the amount of contained metal in their stated resources. Atlas' higher multiple compared to the remainder of the comparable group is consistent with its low level of resources relative to its strong infrastructure position.

243 We reviewed broker reports in relation to Atlas and note that the most target prices adopted in research reports issued between 27 October 2010 and 30 November 2010 were in a range of $2.88 to $3.00 per share.

244 We consider that this cross check analysis provides further support for the use of Atlas' share price performance as a basis for valuing Atlas shares for the purposes of assessing a value of the consideration under the Offer.

Atlas post Transaction Announcement

245 The table below shows the VWAP of Atlas shares for the period since the Transaction Announcement of the proposed acquisition of Giralia on 21 December 2010 to 14 January 2011 is $3.05.

Trading period since announcement	High $	Low $	VWAP $	Cumulative volume traded millions	% of issued capital
Post 21 December 2010	3.36	2.80	3.05	69.1	13%

Source: Bloomberg and PwCS analysis

246 The VWAP of an Atlas share since the Transaction Announcement of $3.05 is above the one month VWAP prior to the Transaction Announcement of $3.00 and the three month VWAP prior to the Transaction Announcement of $2.71.

247 Even though the Offer provides a significant premium to Giralia shareholders over the price at which Giralia shares were trading prior to the Transaction Announcement, there has been little dilution of value to Atlas shareholders based on the share price performance since the Transaction Announcement. The increase in the combined market capitalisation of Giralia and Atlas since the Transaction Announcement implies the market is recognising additional value which will be realised by the proposed transaction through synergies created by combining Giralia's extensive resources with Atlas' infrastructure.

248 The combined market capitalisation of Atlas and Giralia increased from $2,160.7 million on 20 December 2010, the day prior to the Transaction Announcement to $2,684.0 million on 14 January 2011, an increase of $523.3 million or 24%.

249 The value that will ultimately be created will be a function of the strategy adopted for the merged business. The potential strategic benefits available to the merged business include the following:

Optionality

- The additional resource inventory gained from the Daltons – Mount Webber and McPhee Creek deposits provides Atlas with greater optionality and flexibility in terms of the development of its portfolio of assets, especially since Giralia's key assets are located in reasonable proximity to the existing assets of Atlas in the Pilbara region. The increased optionality includes the following:

  - The larger inventory base can be used to backfill and extend the production life of Atlas' existing operations. In addition, the merged business will be able to optimise the timing of development from a broader portfolio of projects.

  - The merged entity will have the ability to scale up its production operations. This may be realised through an expansion of the proposed Turner River Hub and may give Atlas the scale to put in place its own rail infrastructure solution. The expansion strategy option would be subject to Atlas having sufficient port capacity from either Utah Point or from potential port developments at South West Creek and Anketell Point.

  - There are a number of alternative development options for McPhee Creek; either as an expansion of the Turner River Hub strategy, or alternatively transporting the product direct to port via a private road haul and rail solution. Atlas is currently discussing the possibility of using BHP Billiton's Goldsworthy line under a memorandum of understanding.

  - Atlas will have a greater ability to blend the production from its mines thereby creating additional value to the final product. This particularly applies to the McPhee Creek resource which, if channelled through the proposed Turner River Hub, could be blended with production from other mines to reduce the overall phosphorous content and improve the marketability of ore from that deposit.

- The actual development strategy that will be adopted by Atlas post-deal depends on a number of variables including the ability to gain access to rail infrastructure and the amount of future port capacity Atlas can access.

Scale

- The merged business will have access to a larger resource base and the future development of Giralia's assets by Atlas has the potential to be of a scale which is significantly larger than that which can be achieved by Giralia on a standalone basis. The McPhee Creek asset has the potential to be a 10 Mtpa operation.

- In addition, Giralia's interest in Daltons – Mount Webber will allow for joint development with Atlas' Mount Webber project. This will bring capital investment efficiencies and will also allow the combined resource to be mined more productively.

Timing

- Giralia assets may be developed sooner than may be achievable by Giralia as a standalone business due to Giralia's infrastructure constraints.

250 We note that based on an Atlas share price of $3.05, the implied enterprise value to contained metal for the merged business is in line with the comparable group of Pilbara based direct ship grade producers.

251 We reviewed broker reports in relation to Atlas and note that the most target prices adopted in research reports issued immediately following the Transaction Announcement were in a range of $3.00 to $3.50 post offer.

252 Having regard to the factors outlined above, we consider that it is reasonable to adopt a value per share for Atlas of $3.05 based on the Atlas share price performance since the Transaction Announcement. This equates to an implied All Scrip Alternative offer price of $4.58 per Giralia share and an implied Scrip and Cash Alternative offer price of $4.56 per Giralia share.

VI Assessment of the Offer

Assessment of Fairness

253 We have assessed the fair market value of a Giralia share on a controlling interest basis to be in a range of $2.68 to $3.34 with a preferred value of $2.99.

254 We have assessed the value of an Atlas share to be $3.05 on a non-controlling or minority interest basis which implies an All Scrip Alternative offer price of $4.58 per Giralia share and a Scrip and Cash Alternative offer price of $4.56 per Giralia share.

255 On the basis that the consideration under the Offer exceeds our assessment of the fair market value of a Giralia share, we conclude that the Offer is fair.

Assessment of Reasonableness

256 We also conclude that the Offer is reasonable on the basis that it is fair.

257 We also note the implications of a number of qualitative issues which are generally considered in assessing reasonableness. These issues include:

- whether the consideration offered under the Offer includes an adequate premium for acquiring a 100% controlling interest in Giralia;
- the likely consequences for Giralia and its existing shareholders if the Offer is accepted relative to the circumstances if the Offer is not accepted; and
- the likelihood of another offer emerging for the shares in Giralia that is better than the current Offer from the perspective of the existing shareholders.

Premium for Control

258 The premium for control reflects the value a controlling shareholder might be able to extract from being able to control the strategic direction and the operational, funding and dividend policies of Giralia. This represents the benefits of access to Giralia's cash reserves as well as benefits able to be derived from extracting cost efficiencies, operating leverage and project development advantages which are not available to holders of minority interests.

259 A number of acquisitions of Australian resources companies including iron ore companies over recent years have taken place at significant premia to the share prices immediately prior to the offer. These premia, in part, reflect a sharing of some of the special value of the target

company to specific acquirers above the conventional level of control premia paid. Empirical studies suggest that takeover premia more generally fall in the range of 20% to 40%.

260 The VWAP of Giralia shares for the periods of one month, three months, six months and 12 months to 20 December 2010, the day prior to the Transaction Announcement, were $2.98, $2.89, $2.53 and $2.14 respectively. Based on the All Scrip Alternative Offer price of $4.58, this represents a premium of 54%, 59%, 81% and 114% respectively. Based on the Scrip and Cash Alternative Offer price of $4.56, this represents a premium of 53%, 58%, 80% and 114% respectively.

261 Based on our fair market valuation range of $2.68 to $3.34 and our preferred value of $2.99 on a controlling interest basis, we consider that the All Scrip Alternative and Scrip and Cash Alternative includes a control premium.

Certainty and Risk Exposure

262 We have considered the certainty of the Offer with the risk and uncertainty associated with an ongoing equity interest in Giralia.

263 Holding shares in the combined Atlas and Giralia business will allow Giralia shareholders to participate in a business that has access to infrastructure, is producing and is larger and has a more diversified portfolio of assets.

264 In addition, we note that Giralia is an exploration company with no development history. To extract the full value of its exploration portfolio, in the absence of the proposed transaction, Giralia would need to build a team from a limited pool of potential employees with the requisite development skills and experience. Atlas has some of these development skills and experience as evidenced by its recent success in bringing exploration assets into production.

265 We consider that a shareholding interest in the Atlas business post-transaction has a reduced level of risk and uncertainty relative to a shareholding in the standalone Giralia business.

Synergies

266 There are significant potential synergies available from combining the Giralia and Atlas businesses which Giralia shareholders will participate in through the scrip consideration they will receive in the combined business.

267 Giralia has significant resources but lacks access to infrastructure. Atlas has access to infrastructure but requires additional resources to add scale to its operations to allow it to expand production and reduce its unit costs.

268 Giralia's interest in Daltons – Mount Webber may allow for joint development with Atlas' Mount Webber project subject to the agreement of the relevant joint venture partners. In addition, there are potential synergies associated with the ability for production from the Daltons – Mount Webber and McPhee Creek projects to be processed through the proposed Turner River Hub.

Advantages and Disadvantages of the Offer

269 In assessing the reasonableness of the Offer, we have compared the likely position of Giralia shareholders if the Offer is accepted with their position if the Offer is not accepted.

270 If the Offer is accepted:

- Giralia shareholders will receive 1.5 Atlas shares for each Giralia share held or 1.33 Atlas shares plus $0.50 cash for each Giralia share held;
- Atlas shares have a greater level of liquidity than Giralia shares and are represented in the ASX 200 share index. The increased size of the merged business is likely to attract even greater institutional coverage;
- if Giralia shareholders accept the Offer, they will be exposed to a range of factors affecting Atlas shares;
- there may be tax consequences for Giralia shareholders from the Offer. The consequences will vary between individual shareholders. General advice in relation to the tax implications of the Offer for Giralia shareholders is set out in section 6 of the target's statement.

271 If the Offer is not accepted:

- Giralia will continue to operate as an ASX listed company with, at least in the short term, its current spread of shareholders and no controlling shareholding block;
- shareholders will retain their shares in Giralia and continue to fully share in any benefits and risks associated with being an investor in Giralia;
- the Offer consideration will not be paid;
- Giralia will incur transaction costs of approximately $1.9 million to $2.0 million; and
- Giralia may be liable to pay Atlas a break fee of up to $8 million which will apply in the event of certain circumstances described in section 9.2 in the Target's Statement.

272 In our opinion, if the Offer is not accepted, there would be a significant adverse impact on the ability of Giralia to pursue its existing strategy. This is because the Offer provides an infrastructure solution which Giralia requires to develop its Daltons – Mount Webber and McPhee Creek projects.

273 The Giralia share price increased significantly following the Transaction Announcement and has traded in line with, albeit slightly below, our assessment of the Offer consideration of $4.58 ($4.56 for the Scrip and Cash Alternative) in the interim period. We consider that in the absence of the Offer, an alternative proposal or speculation concerning an alternative proposal, the Giralia share price is likely to reduce significantly from current levels. In the medium and longer term, Giralia's share price will reflect the market's assessment of Giralia's ongoing business model, its ability to progress its key assets to development including securing port access, the prospects for its exploration activities as well as general movements in financial markets.

Prospects of Other Proposals

274 Atlas recently approached Giralia in relation to a potential transaction. Negotiations have taken place between Atlas and Giralia in relation to the nature and pricing of a proposed transaction which has resulted in the current Offer.

275 Giralia has from time to time considered various approaches from other parties in relation to joint project developments or potential asset transactions in the normal course of business as it has pursued development solutions for its assets. Notwithstanding this, we have been advised by the directors of Giralia that there have been no recent approaches from other parties interested in acquiring 100% of Giralia which were of sufficient merit that the Board believed they should be pursued.

276 We cannot exclude the prospect of an alternative proposal or offer on better terms emerging. In the event that an alternative proposal or offer on better terms emerges before the closure of the Offer, shareholders who have not accepted the Offer will be entitled to reject the Offer and pursue other opportunities.

Conclusion

277 On the basis that our assessed value of the consideration is above our valuation range for an ordinary share in Giralia on a controlling interest basis, we consider that the Offer is fair.

278 We consider that the Offer is reasonable on the basis that it is fair. The Offer is also reasonable due to the following additional reasons for shareholders to accept the Offer in the absence of a higher bid:

- it is at a significant premium to the one month and three month VWAP for Giralia shares;
- the share price is likely to decline in the event that the Offer does not proceed;
- no competing offer has been made;
- it provides Giralia with an infrastructure solution and development experience which will facilitate the development of the Giralia assets; and
- there are potential synergies from the joint development of Giralia and Atlas assets and from the combination of Giralia's extensive resources with Atlas' access to infrastructure.

279 In conclusion, we consider the Offer is fair and reasonable to Giralia shareholders.

APPENDIX A

DECLARATIONS AND DISCLOSURES

Qualifications

PwCS is beneficially owned by the partners of PricewaterhouseCoopers ("PwC"), a large international entity of chartered accountants and business advisors. PwCS holds an Australian Financial Services Licence under the Corporations Act.

Paul Hennessy is a partner in PwC and an authorised representative of PwCS. Paul is a graduate of the University of Limerick, a Fellow of the Institute of Actuaries and an Affiliate Member of the Institute of Chartered Accountants in Australia. Paul has extensive experience in the preparation of corporate valuations, independent expert's reports and the provision of corporate financial advisory services to corporations involved in takeovers, capital raisings and mergers and acquisitions.

Richard Stewart is a Fellow of the Financial Services Institute of Australasia, the Institute of Chartered Accountants and the Society of Certified Practising Accountants in Australia. He is also an adjunct professor in Business Valuation at the University of Technology, Sydney. He holds a Bachelor of Economics and a Masters of Business Administration. He has 25 years experience with PwC and extensive experience in preparing valuations and independent expert reports as well as providing merger and acquisition advice. He is also a partner of PwC, and is an authorised representative of PwCS.

Paul Hennessy and Richard Stewart were assisted by Darryl Norville and Amanda Beard in the preparation of this independent expert report.

Darryl Norville is an associate director in PwC. Darryl is a graduate of the University of Western Australia and a Member of the Institute of Chartered Accountants in Australia. Darryl has extensive experience in the preparation of corporate valuations, independent expert's reports and the provision of corporate financial advisory services to corporations involved in takeovers, capital raisings and mergers and acquisitions.

Amanda Beard is an associate director in PwC. Amanda is a graduate of the University of Bristol, England and a Member of the Institute of Chartered Accountants in England and Wales. Amanda has extensive experience in the preparation of corporate valuations, independent expert's reports and the provision of corporate financial advisory services to corporations involved in takeovers, capital raisings and mergers and acquisitions.

Independence

We have considered our independence from Giralia, Atlas and related parties, having regard to ASIC Regulatory Guide 112, and we do not consider that there are any circumstances which conflict with our independence from Giralia or hinder our ability to provide objective independent advice.

Neither PwCS, PwC nor the authors of this report have, at the date of this Report, or have had within the previous two years, any shareholding in or other relationship with either Giralia or related parties (other than the provision of professional services for time based fees) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the proposed transaction.

PwC has carried out assignments for Atlas in the past in the normal course of our business. We do not consider that the nature or extent of that work in any way compromises our independence for the purposes of this exercise. In particular, we note that we have not carried out any work for Atlas in relation to this particular transaction.

Neither PwCS, PwC nor the authors of this report have any interest in the outcome of the proposed transaction. PwCS is entitled to receive a fee from Giralia based on normal professional hourly rates for the time taken in respect of the preparation of this report. The estimated fee is $150,000 – 200,000 and will be paid regardless of whether or not the Offer is accepted.

A draft of this report was provided to the management of Giralia for a review of factual accuracy on 7 January 20110. No changes to our opinion arose as a result of this review.

Indemnity

The terms of PwC's appointment include a provision that Giralia will indemnify PwCS, PwC, its employees, officers and agents against any claim, liability, loss or expense, cost or damage and liabilities arising out of reliance on any information or documentation provided by Giralia which is false or misleading or incomplete.

Consent

PwCS has consented in writing to this Report in the form and context in which it appears being included in the target's statement which will be issued by the directors of Giralia and which will be distributed to Giralia shareholders.

Neither PwCS nor PricewaterhouseCoopers has authorised or caused the issue of all or any part of the target's statement other than this report. Neither the whole nor any part of this report nor any reference to it may be included in or with or attached to any other document, circular, resolution, letter or statement without the prior consent of PwCS to the form in which it appears.

APES 225 "Valuation Services"

This independent expert report has been prepared in accordance with APES 225 "Valuation Services".

APPENDIX B

SOURCES OF INFORMATION

The principal sources of information used in the preparation of this Report are as follows:

1 Bid Implementation Agreement.

2 Giralia's financial reports for the years ended 30 June 2008, 30 June 2009 and 30 June 2010 and Giralia's quarterly reports for the periods ended 30 June 2009, 30 September 2009, 31 December 2009, 31 March 2010 and 30 June 2010.

3 Giralia's and Atlas' ASX announcements and investors presentations.

4 Giralia's operating budget for the financial year ending 30 June 2011.

5 Giralia management accounts for the period from 1 July 2010 to 30 November 2010.

6 Minutes of Giralia board meetings for 2009 and 2010.

7 Details of investments held by Giralia.

8 Scoping studies prepared by ProMet for the Daltons – Mount Webber, McPhee Creek and Yerecoin iron ore projects.

9 Resource statements prepared by CSA Global for the Daltons – Mount Webber, McPhee Creek and Yerecoin iron ore projects.

10 Various brokers research reports on Giralia, Atlas and other iron ore industry sector participants and individual company and industry body websites and publications.

11 Atlas' and Giralia's Annual Reports for the years ended 30 June 2009 and 30 June 2010.

12 Publicly available information relating to Giralia and other iron ore industry sector participants available from:

- Bloomberg LP – comparable company financial analysis; and
- Capital IQ - comparable company financial analysis;

13 Discussions with the management and directors of Giralia and Atlas.

APPENDIX C

FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 19 January 2011

1. About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) ("PwC Securities") has been engaged by Giralia Oil NL to provide a report in the form of an Independent Expert's Report in relation to the Offer for inclusion in the target's statement.

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2. This Financial Services Guide

This Financial Services Guide is designed to assist retail clients in their use of any general financial product advice contained in the Report. This Guide contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report and how complaints against us will be dealt with.

3. Financial services we are licensed to provide

Our Australian Financial Services Licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds and deposit products.

4. General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

5. Fees, commissions and other benefits we may receive

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages us to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us.

Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6. Associations with issuers of financial products

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to; the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business.

7. Complaints

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available on request.

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Service, an external complaints resolution service. The Financial Ombudsman Service can be contacted by calling 1300 780 808. You will not be charged for using this service.

Contact Details

PwC Securities can be contacted by sending a letter to the following address:

Paul Hennessy
PricewaterhouseCoopers Securities Ltd
QV1 Building
250 St Georges Terrace
PERTH WA 6000

APPENDIX D

DISCOUNT RATE ANALYSIS

Overview

The discount rate applicable for fair market valuation purposes represents the required market rate of return for capital invested in the company or asset being valued. The cost of capital for a company reflects the opportunity cost of the funds employed. This means that a company must obtain sufficient return on its assets to cover the required return to equity and debt holders as reflected by the capital markets.

The expected rate of return for invested capital is conventionally derived using the Weighted Average Cost of Capital ("WACC") approach after considering available market evidence for the company being examined.

The cost of capital comprises a required rate of return on equity plus the current tax-effected rate of return on debt, weighted by the relative proportions of equity and debt comprising the financial structure.

For equity investors, the cost of equity capital has two components; an explicit opportunity cost such as dividend payments and an implicit opportunity cost in the form of an expected cash equivalent gain in share price. The expected return to debt investors (the cost of debt) represents the interest payments and the amortisation of any difference between the market value of debt and its face value.

Significant judgement is inherent in the selection of discount rates. Discount rates can be derived using a framework which is theoretically sound, however when determining required future rates of return, there is inherently a substantial degree of subjectivity involved in estimating variables, which by definition are unable to be observed.

The formulation of the WACC using modern finance theory and commonly accepted practice is derived in the first instance on a post-tax, nominal basis as the parameters comprising WACC are observable in the market on this basis.

The determinants of the WACC calculation are derived from observable market data for the select company (if listed) or a peer group, which is consistent with the definition of fair market value. The peer group companies are selected primarily on the basis of the industry and geographic region in which they operate. Considerations of size, asset quality, growth prospects and revenue sources are also taken into account.

Cost of equity

The cost of equity is typically considered to be an estimate of an equity investor's required rate of return for a given risk level associated with an investment.

The most commonly used tool to estimate the required rate of return on equity for a given level of risk is the Capital Asset Pricing Model ("CAPM") framework. Under CAPM, the expected return on equity is measured as the return on a risk free investment plus a premium for the non-diversifiable risk associated with the relevant asset or company.

The CAPM model states that:

$Ke = Rf + \beta e * (EMRP)$

where:

Ke	=	expected (or required) return on equity for investment
Rf	=	risk free rate
βe	=	equity beta for investment
EMRP	=	the equity market risk premium which is the expected return on a broad portfolio of stocks in the market less the risk free rate

Each of the above elements is described below.

Risk free rate

The risk free rate represents the minimum return an investor will accept from investing in any asset or company, being the amount an investor could earn on an equivalent investment with zero risk. The required return reflects the time value of money and expected inflation over the investment period.

The most commonly used proxy for a risk free investment is the return on long dated government bonds which are assumed to be close to risk free in many developed countries. For example, Australian Government bonds are assumed to be 'risk free' if they are held to maturity.

The risk free rate selected should reflect a period consistent with the longevity of the cash flows of the underlying asset or company. Typically, the yield on a 10 year bond is a widely used and accepted benchmark for the risk free rate in Australia and is applied for long term cash flows.

Equity market risk premium

The Equity Market Risk Premium ("EMRP") is the premium over the risk free rate that investors require from equity capital, generally measured as the difference between actual long term historical returns on a market share portfolio and long term Government bonds.

Theoretically, the premium should be based on expected returns over the future investment horizon. However, historical returns earned by equity investors over an extended period are typically used as a proxy given expected returns cannot be observed. Empirical evidence collected by a number of academics and valuation practitioners over periods of up to 100 years suggests the long term average EMRP is between 4% and 8%.

Recent studies have highlighted that current economic conditions may support the need for a higher EMRP given equity investors perceive greater risk in capital markets at present. Notwithstanding this, the EMRP is based on long term historical data including periods of both positive and negative returns experienced during various stages of a market cycle.

Beta

Beta is a measure of systematic risk reflecting the sensitivity of a company's share price to the movements of the stock market as a whole. Whilst expected betas cannot be observed, conventional practice is to estimate an appropriate beta with reference to the historical betas for a company over a finite period. It is also appropriate to consider betas for comparable companies and sector averages as a proxy, particularly in the case where the subject company is not listed.

Observed betas in the market place, known as equity betas, are affected by the gearing of the individual company. The beta for equity reflects the non–diversifiable or systematic risk of a company. Equity betas incorporate the operational risk of the underlying company assets and other financial risk associated with the financial structure of the company (i.e. the combination of debt and equity employed to finance the company assets), whereas asset betas reflect only the operational risk.

The beta of an investment represents relative risk, not a measure of the total risk of a particular investment. Under the CAPM framework, the greater a security's beta, the greater the required return. This is indicated by a beta greater than one, which implies that firms with higher volatility of returns (as measured by standard deviation) will have higher required returns due to greater risk, other things being equal.

As mentioned above, determination of a beta can be undertaken with reference to analysis of comparable companies. It is generally necessary to make adjustments to the observed equity betas in the market place to remove the impact of the different capital structures and levels of gearing in the companies examined. This process, known as de-levering, involves removing the gearing of the subject company to arrive at the asset beta and subsequently re-levering in line with the target level of gearing.

PwCS adopted the Harris Pringle formula to de-lever and re-lever the beta as follows:

Asset beta (un-geared) = Equity beta (geared) / [1 + (D/E)]

Equity beta (re-geared) = Asset beta (un-geared) x [1 + (D/E)]

where:

E	=	market value of equity
D	=	market value of debt
D/E	=	company's debt to equity ratio

The betas of the comparable companies have been calculated relative to the Australian share market by reference to the ASX 200 index.

Cost of debt

The cost of debt is the rate a prudent debt investor would require on interest-bearing debt after considering the appropriate capital structure and the nature and risks pertaining specifically to the company's operations.

Since the interest on debt is deductible for income tax purposes, the WACC incorporates the after-tax interest rate in the calculation. For the purpose of assessing WACC, the existing effective Australian corporate tax rate of 30% has been used.

In assessing an appropriate cost of debt, PwCS normally has regard to corporate debt issued by the company (where available) or its comparator group, the existing and expected future cost of debt provided by financiers, and current market conditions in debt markets. The yield of a corporate issued bond is typically higher than the yield on a Government bond, reflecting a premium for credit risk. The premium or debt margin is calculated as the difference or spread between the yield on a corporate and a Government bond with the same duration or maturity.

Capital structure

In order to calculate an appropriate post-tax cost of capital, it is necessary to determine the optimal or target level of debt funding (or debt and equity mix) for the subject company. Optimal capital structures are not readily observable. In practice, the existing capital structures of comparable companies are used as a guide to estimate the likely optimal capital structure for the company being valued, taking into consideration the specific financial circumstances of that company.

Typically, the gearing changes over time and differs between comparable companies. In order to remove the impact of the fluctuations in the level of gearing over time, the five year average level of gearing of the comparable company set was considered in selecting an appropriate target debt and equity mix. This is consistent with the period over which betas have been observed and removes the effect of current market events such as depressed equity markets and lack of debt financing possibilities.

WACC

The cost of equity and the cost of debt are combined to arrive at the WACC using the following formula:

$WACC = [Ke * E/(D+E)] + [Kd * (1-Tc) * D/(D+E)]$

The key inputs are defined as follows:

Ke	=	the cost of equity
E	=	the market value of equity
Kd	=	the cost of debt
Tc	=	the marginal effective tax rate
D	=	the market value of debt (net of surplus cash)
E	=	the market value of equity

Giralia discount rate

In this section we describe the theory behind the selection of an appropriate discount rate with which to apply to the scoping studies DCF analysis. We have performed separate analysis to determine the discount rate for the DSO projects and for the magnetite project.

We have determined a nominal post-tax discount rate of 13.5% for the DSO pre-development projects (Daltons – Mount Webber and McPhee Creek) and a nominal post-tax discount rate of 15% for the magnetite project (Yerecoin). The discount rates are applied to the ungeared adjusted post-tax cash flows from the base case of the scoping study for each project. PwCS considers this discount rate reflects the rate of return that investors would use in the current market in assessing the production operations of Giralia.

Risk free rate

The risk free rate for Giralia has been based on the 10 year Australian Treasury bond representing the longest dated benchmark for the risk free rate in the Australian market. This bond had a yield of 5.62% as at 30 December 2010.

Equity market risk premium

Widespread market practice for Australian company valuation has been to adopt an EMRP of 6.0%. This figure is within the range of generally accepted figures for the long term market risk premium applied to companies within the Australian capital markets and is consistent with empirical research[2].

The EMRP varies over time and economic cycles. In selecting the EMRP for use in the assessment of the relative merits of the Offer, we have been mindful that the rate adopted should reflect the prospective estimate of EMRP over the timeframe of the cash flows modelled. This will include not just the current economic circumstances, but periods of both positive and negative returns experienced during various stages of future market cycles. The long term historical average EMRP is generally adopted as the most appropriate measure for this and as such PwCS has adopted 6.0% as the EMRP.

Beta

In determining an appropriate beta range to adopt, PwCS has considered the observed beta for ASX listed comparable companies to Giralia over a five year period. The companies within the peer group all operate within the iron ore industry sector and predominantly include companies with interests in pre-development assets in Australia.

PwCS has used the current gearing to de-lever the observed betas of the companies in the peer group. The table below summarises the observed and de-levered betas for the comparable company set:

[2] *Officer & Bishop (2008) and Grabowski and Damodaran (2009)*

Company[1]	Equity beta[2]	Market capitalisation ($ Million)[3]	5 year average debt / equity[4]	5 year average debt / EV[4]	Asset beta[5]
DSO project comparables					
Centrex Metals Ltd	1.76	125.7	0.0%	0.0%	1.76
Brockman Resources Ltd	1.33	700.5	0.0%	0.0%	1.33
Golden West Resources Ltd	1.62	132.5	0.0%	0.0%	1.62
Ferraus Ltd	1.19	185.1	0.0%	0.0%	1.19
Iron Ore Holdings Ltd	0.86	302.6	0.0%	0.0%	0.86
Fortescue Metals Group Ltd [6]	1.14	20,355.4	20.6%	15.9%	1.00
Atlas Iron Ltd	1.50	1,613.5	0.0%	0.0%	1.50
Median	**1.33**	**302.6**	**0.0%**	**0.0%**	**1.33**
Mean	**1.34**	**3,345.0**	**2.9%**	**2.3%**	**1.32**
Magnetite project comparables					
Murchison Metals Ltd	1.91	555.8	1.0%	0.9%	1.90
Gindalbie Metals Ltd	1.52	1,299.9	0.0%	0.0%	1.52
Australasian Resources Ltd	1.99	243.4	0.0%	0.0%	1.99
Northern Iron Ltd	1.41	568.0	5.5%	4.3%	1.36
Grange Resources Ltd	1.51	869.8	12.6%	7.7%	1.38
Pluton Resources Ltd	1.47	185.0	0.0%	0.0%	1.47
Median	**1.52**	**561.9**	**0.5%**	**0.5%**	**1.50**
Mean	**1.64**	**620.3**	**3.2%**	**2.2%**	**1.60**

Notes:
1. Comparators chosen on basis of industry sector and statistically sufficient number of beta observations
2. Equity betas derived from share price (monthly, 5 year where available, against local index, bayesian adjusted)
3. Market Capitalisation as at 31 December 2010 from Bloomberg
4. Equity betas have been unlevered using the formula discussed in Brealey and Myers "Principles of Corporate Finance", 5th Edition, Ch 9
5. Formula for unlevering equity betas: equity beta / (1+ debt / equity), gearing derived from balance sheet (annual, 5 year where available)
6. The gearing ratio held by Fortescue Metals is considered an outlier therefore, a debt / equity ratio of 0% has been applied

Source: Bloomberg and PwCS analysis

Accordingly, PwCS has adopted an asset beta of 1.32 for the DSO discount rate calculation and 1.60 for the magnetite discount rate calculation, being the average asset beta for the comparator group above.

Cost of debt

PwCS has estimated a pre-tax cost of debt capital of 5.6% appropriate after considering the capital structure and nature of Giralia. This represents a debt margin of 2% above the risk free rate.

To reflect the tax shield advantage of debt in the cost of capital calculation, PwCS has applied the existing corporate tax rate of 30%. This corresponds to a post-tax cost of debt of 5.3%.

Capital structure

In determining an appropriate level of gearing, PwCS has had regard to:

- the mean and median gearing levels of the comparable companies being 0% and 0% respectively for the DSO discount rate (after the exclusion of Fortescue Metals Group as it is considered to be an outlier) and 3.2% and 0.5% for the magnetite discount rate;
- Giralia does not have any outstanding debt facility balances at the time of the valuation; and
- the optimal level of gearing adopted by various brokers in their analysis of the value of Giralia.

Based on the above, PwCS has adopted no gearing in determining the discount rates for the DSO and magnetite projects of Giralia.

WACC

Based on the above, PwCS has assessed appropriate post tax nominal discount rate to apply to the scoping study cash flows of the Daltons – Mount Webber, McPhee Creek DSO projects to be13.5% and 15% for the Yerecoin magnetite project.

WACC - DSO Projects	**Low**	**Mid**	**High**
Risk free rate	5.6%	5.6%	5.6%
EMRP	6.0%	6.0%	6.0%
Asset beta	1.27	1.32	1.37
Debt/equity	0%	0%	0%
Equity beta (re-levered)	1.27	1.32	1.37
Cost of equity	**13.3%**	**13.6%**	**13.9%**
Debt margin	2.0%	2.0%	2.0%
Tax	30.0%	30.0%	30.0%
Cost of debt (post tax)	**5.3%**	**5.3%**	**5.3%**
Gearing (D/D+E)	0%	0%	0%
Nominal cost of capital	**13.3%**	**13.6%**	**13.9%**

Source: PwCS analysis

WACC - Magnetite Projects	Low	Mid	High
Risk free rate	5.6%	5.6%	5.6%
EMRP	6.0%	6.0%	6.0%
Asset beta	1.55	1.60	1.65
Debt/equity	0%	0%	0%
Equity beta (re-levered)	1.55	1.60	1.65
Cost of equity	**14.9%**	**15.2%**	**15.5%**
Debt margin	2.0%	2.0%	2.0%
Tax	30.0%	30.0%	30.0%
Cost of debt (post tax)	**5.3%**	**5.3%**	**5.3%**
Gearing (D/D+E)	2%	2%	2%
Nominal cost of capital	**14.7%**	**15.0%**	**15.3%**

Source: PwCS analysis

pwc

APPENDIX E Comparable Company Analysis

Company	Enterprise Value $m* 31 Dec 10	DSO Resource Mt	DSO Grade %	DSO Contained Iron Mt	Magnetite Resource Mt	Magnetite Benefication Factor %	Magnetite Beneficiated product Mt	Magnetite Grade %	Magnetite Contained Iron Mt	Total Saleable Iron Mt	EV/Resource (Gross) $/tonne	EV/Resource (saleable) $/tonne	EV/ Total Saleable Iron $/tonne
DSO													
In Production													
Atlas Iron Ltd.	1,989.6	204.7	56.7%	116.1	2,456.0	36.5%	747.7^	68.9%	515.2	631.2	0.75	2.09	3.15
Pre-Development													
Sundance Resources Ltd.	1,965.1	415.4	61.6%	255.9	2,325.0	40.0%	378.0	62.5%	236.3	492.1	0.72	2.48	3.99
Brockman Resources Ltd	832.4	419.0	61.0%	255.6	-	0.0%	-	0.0%	-	255.6	1.99	1.99	3.26
Centrex Metals Ltd.	106.8	13.5	57.7%	7.8	113.6	34.0%	38.6	68.0%	26.3	34.1	0.84	2.05	3.14
Giralia Resources NL**	646.4	388.4	56.1%	217.9	186.8	32.8%	61.3	70.1%	43.0	260.9	1.12	1.44	2.48
Golden West Resources Ltd.	150.7	148.0	59.1%	87.5	-	0.0%	-	0.0%	-	87.5	1.02	1.02	1.72
Flinders Mines Ltd.	305.1	361.6	57.8%	209.0	-	0.0%	-	0.0%	-	209.0	0.84	0.84	1.46
FerrAus Ltd.	218.5	328.6	56.7%	186.3	-	0.0%	-	0.0%	-	186.3	0.66	0.66	1.17
Red Hill Iron Ltd.	153.2	235.6	56.9%	134.1	-	0.0%	-	0.0%	-	134.1	0.65	0.65	1.14
Iron Ore Holdings Ltd.	380.9	647.0	57.5%	372.0	-	0.0%	-	0.0%	-	372.0	0.59	0.59	1.02
Average Enterprise value/tonne resource												**1.30**	
Average Enterprise value/tonne contained iron (recoverable)													**2.15**
Magnetite													
Pre-Development													
Iron Road Ltd.	96.6	-	0.0%	-	328.0	21.0%	68.9	70.3%	48.4	48.4	0.29	1.40	1.99
Western Desert Resources Ltd.	53.8	9.8	58.3%	5.7	185.7	39.5%	73.4	63.0%	46.2	51.9	0.28	0.65	1.04
Australasian Resources Ltd.	317.2	-	0.0%	-	1,605.0	31.2%	500.8	69.0%	345.5	345.5	0.20	0.63	0.92
Eastern Iron Ltd.	7.1	-	0.0%	-	213.6	13.6%	29.0	64.0%	18.6	18.6	0.03	0.24	0.38
Ferrowest Ltd.	18.4	-	0.0%	-	572.5	33.6%	192.4	68.0%	130.8	130.8	0.03	0.10	0.14
Average Enterprise value/tonne resource											**0.17**		
Average Enterprise value/tonne contained iron (recoverable)													**0.89**
DSO RESOURCE ONLY													
In Production													
Mount Gibson Iron Ltd.	2,810.8	104.7	62.5%	65.4						65.4	26.8		42.95
Territory Resources Ltd.	142.3	9.6	58.0%	5.6						5.6	14.8		25.55
Murchison Metals Ltd.	665.0	112.5	55.5%	62.4						62.4	5.9		10.65
BC Iron Ltd.	329.3	50.8	54.1%	27.5						27.5	6.5		11.98
Fortescue Metals Group Ltd.	28,137.6	5,697.0	56.8%	3,235.9						3,235.9	4.9		8.70
Atlas Iron Ltd.	1,989.6	204.7	56.7%	116.1						116.1	9.7		17.14
Atlas Iron Ltd. (merged entity)^^	3,021	593.1	56.3%	334.0						334.0	5.1		9.04
Average Enterprise value/tonne contained iron (recoverable) all													**19.50**
Average Enterprise value/tonne contained iron (recoverable) excl Mt Gibson and Territory													**12.12**

* Enterprise Value contains a 30% control premium.
** Giralia Resources NL has been valued at 20 Dec 10 pre-announcement of takeover offer.
^ Excludes metal estimate for Balla Balla due to lack of information regarding recoveries and final product grade.
^^ Merged entity Enterprise Value calculated at assessed value of Atlas of $3.05 less net debt at 31 Dec 10

Source: Company announcements, Bloomberg and PwCS analysis

APPENDIX F – Comparable Transaction Analysis

Date	Transaction	Type of Transaction	Location of key project	Name of Asset	% of Asset Acquired	Implied Transaction Value	Size of Resources Acquired (Mt)	Recoverable Iron (Mt)	Trans. Value/ Acquired resources	Trans. Value /Contained iron
DSO Grade Transactions:										
Aug-09	MRS/POL[1]	Corporate	Yilgarn	Yilgarn Iron Ore Project	100.0%	161.8	42.6	25.0	3.80	6.48
Sep-09	AGO/Warwick[2]	Corporate	Pilbara	Jimblehar, Caramulla South	77.8%	78.6	26.4	14.7	2.98	5.35
Nov-10	WahNam/BRM[3,4]	Corporate	Pilbara	Marillana	77.4%	846.7	419.0	255.6	2.02	3.31
Oct-10	BHP/UMC	Corporate	Pilbara	Railway	100.0%	195.2	158.0	91.7	1.24	2.13
Jul-10	POSCO/AMCI	Corporate	Pilbara	APIJV	24.5%	754.7	648.6	369.5	1.16	2.04
Nov-10	WahNam/FerrAus[5]	Corporate	Pilbara	Robertson Range Davidson Cre	80.1%	252.9	328.7	186.4	0.77	1.36
Oct-10	E-Comm/Talisman	Asset	Pilbara	Wonmunna and Uaroo	100.0%	41.4	78.3	43.8	0.53	0.94
Oct-10	Dragon Energy/AusQuest	Asset	Pilbara	Rocklea	100.0%	7.0	28.2	15.7	0.25	0.45
								Average (all)	**1.59**	**2.76**
					Average (exc MRS/POL and Dragon Energy/Ausquest)				**1.45**	**2.52**
Magnetite Transactions:										
Apr-06	CITIC/Mineralogy[6]	Asset	Pilbara	Sino Iron & Balmoral	100%	1,197.1	2,000.0	n/a	0.60	n/a
Mar-10	AGO/Aurox	Corporate	Pilbara	Balla Balla	100%	147.9	456.0	n/a	0.32	n/a
Feb-08	MCC/Cape Lambert	Asset	Pilbara	Cape Lambert	100%	400.0	1,556.0	n/a	0.26	n/a
May-08	WISCO/Centrex	Asset	South Australia	Southern and South Central Eyre	60%	300.0	1,666.7	n/a	0.18	n/a
Jul-07	Sojitz/Grange[7]	Asset	Esperance	Southdown	30%	48.8	479.1	n/a	0.10	n/a
Jun-09	WISCO/Western Plains	Asset	South Australia	Hawks Nest	50%	45.0	569.0	n/a	0.08	n/a
								Average (all)	**0.26**	**n/a**
						Average (exc CITIC/Mineralogy)			**0.19**	**n/a**

Notes:

1 Excludes resources attributable to Mayfield assets of 9.3 Mt as considered unmarketable at 0.21% phosphorus and silica of 11.5%
2 Excludes maiden resource at Western Creek of 19.1 Mt announced 26 November 2009 as post announcement of transaction 8 September 2009
3 Wah Nam International announced its offer for BRM on 10 November 2010. The implied transaction value is based on the Wah Nam share price and HKD/A$ exchange rate at this date
4 For the purposes of the analysis, resources and recoverable metal based on stated product achievability of 419 Mt at 60.5% to 61.5% Fe and not stated resources of 1.5 Bt at 42.6% Fe and 102 Mt at 55.6% Fe
5 Wah Nam International announced its offer for FRS on 10 November 2010. The implied transaction value is based on the Wah Nam share price and HKD/A$ exchange rate at this date
6 This relates to the inter-related Sino Iron and Balmoral transactions and excludes revenue based royalty
7 Implied transaction value based on initial US$4m paid to Grange acquire a 10% interest and the further US$10m paid into the JV to acquire a further 20% interest

Source: Company Announcements and PwCS analysis

APPENDIX F (Cont.)

Transaction Synopses

Buyer: Mineral Resources Ltd
Target: Polaris Metals NL
Date: August 2009
Mineral Resources Ltd (ASX: MIN) made an offer to acquire Polaris Metals NL (ASX: POL) from a group of investors for $68.5 million in stock and options on August 20, 2009. This offer was subsequently revised and per the final terms of the deal, Mineral Resources offered 1 share for every 10 shares of Polaris and $0.101 cash. After a competitive bid process with Lion Asia, Mineral Resources eventually paid the equivalent of approximately $162 million in shares and cash.

Polaris' main asset was the Yilgarn Iron Ore Project which only contained a relatively small amount of defined resource of 42.6 Mt @ 58.6% Fe at the time of the trasaction. Polaris had also released a resource statement in respect of its smaller Mayfield Project, however due to it relatively high phosphorous content (0.21%) and silica content (11.5%) this deposit was not considered comparable and excluded from our analysis.

The Yilgarn Iron Ore Project encompasses approximately 1,000km² of mining tenements 50km north of Koolyanobbing in WA and benefits significantly from proximity to existing rail leading to port infrastructure enabling early development of this deposit.

Buyer: Atlas Iron
Target: Warwick Resources
Date: September 2009
Atlas Iron Limited (ASX: AGO) signed an agreement to acquire the remaining 77.8% stake in Warwick Resources ltd. (ASX: WRK) from a group of shareholders for approximately $50 million in stock on September 7, 2009. Atlas issued one share for every three shares of Warwick Resources and issue shares for options worth a further $13 million.

Warwick's main assets were the Jimblehar and Caramulla South deposits which are located in the Pilbara. These deposits are in a major iron ore province with perceived potential to host long-life projects, close to Atlas' Hickman and Western Creek projects and without access to existing export infrastructure. At the time of the announcement Warwick had stated resources of 26.4 Mt @ approximately 55% Fe but was targeting between 110 Mt and 221 Mt @ 56% to 61% Fe, comparable to Giralia's deposits.

On 26 November 2009 Warwick released a maiden resource at its Western Creek deposit of 19.1 Mt at 55.1% Fe. As this was significantly after the announcement of the transaction we have excluded this extra resource from the comparable transaction analysis.

Buyer: BHP Billiton
Target: United Minerals Corporation
Date: October 2009
BHP Billiton Minerals Pty Ltd. entered into an agreement to acquire United Minerals Corporation NL (ASX: UMC) from shareholders for approximately $194 million on October 16, 2009. As reported under the terms of the agreement, BHP Billiton offered $1.30 for each share of UMC.

UMC's main asset was the Railway iron ore deposit, located in the Pilbara approximately 330km south of Port Hedland, adjacent to BHP's Mining Area C. The project had a stated resource of 158Mt with an average grade of approximately 58% Fe and the project required access to export infrastructure. We consider this to be comparable to Giralia's deposits.

Buyer: POSCO
Target: AMCI (WA)
Date: July 2010
POSCO (KOSE: A005490) agreed to acquire a 49% stake in AMCI (WA) Pty Ltd from American Metals & Coal International, Inc. for approximately US$162 million on July 16, 2010. Through the acquisition, POSCO acquired a 24.5% stake in the Australian Premium Iron JV (APIJV), located in the Pilbara.

The APIJV has access to approximately 649 Mt of resource at approximately 57% Fe and is considered comparable to Giralia's deposits. The JV is planning to build all required export infrastructure.

Buyer: E-Com Multi
Target: Talisman
Date: October 2010
In October 2010, E-Com Multi Limited entered into an acquisition agreement with Talisman Mining Limited to purchase the Wonmunna and Uaroo projects for $41 million in cash and shares.

The Wonmunna and Uaroo projects are stranded assets located 70 km north-west of Newman in the Pilbara, between Hancock Prospecting/Rio Hope Downs JV and Rhodes Ridge JV. At the time of the transaction the deposits had a stated resource of 78.3 Mt @ 56% Fe which is considered comparable to Giralia's deposits.

Buyer: Dragon Energy
Target: Rocklea Project
Date: October 2010
Dragon Energy Ltd. (ASX: DLE) signed an agreement to acquire Rocklea Project in Pilbara from the joint venture partners of AusQuest Ltd for $7 million in cash in October 2010.

The Rocklea project is located 30km south-west of Tom Price and contained a relatively small resource of 28 Mt at approximately 56% Fe at the time of the transaction and requires access to export infrastructure.

Buyer: Wah Nam International
Target: Brockman Resources
Date: November 2010
Wah Nam International made an offer to acquire the remaining 77.4% stake in Brockman Resources Limited (ASX: BRM) for approximately HKD 5.4 billion in stock in November 2010 (based on the share price of Wah Nam). The all-stock offer is made on an exchange of 30 Wah Nam International (SEHK: 159) shares for each share of Brockman Resources. This deal has not been completed.

Brockman's main asset is the Marillana project, located in the Pilbara 100km north-west of Newman. The Marillana project has a stated resource of 1,528 Mt @ 42.6% Fe and 102 Mt at 55.6% and the company has released results from feasibility studies which state the project can support the production of 419 Mt at 60.5% to 61.5% Fe. We have used the estimated product recovery and grade in our analysis.

Brockman has been allocated port capacity at Utah Point but will require access to rail infrastructure to monetise the project.

Buyer: Wah Nam International
Target: FerrAus
Date: November 2010
Wah Nam International made an offer to acquire the remaining 80.1% stake in FerrAus Ltd. (ASX: FRS) for approximately HKD 1.7 billion in stock in November 2010. The all stock offer is made on an exchange of 6 Wah Nam International (SEHK: 159) share for each share of FerrAus. This deal has not been completed.

FerrAus' main assets are the Robertson Range and Davidson Creek projects, located approximately 100km east of Newman in the Pilbara. The projects have a stated resource of 329Mt with an average grade of approximately 57% Fe which is comparable to Giralia's deposits. FerrAus has been allocated port capacity at Utah Point but requires rail access.

Buyer: CITIC Pacific
Target: Sino Iron Pty
Date: April 2006
CITIC Pacific Ltd agreed to acquire the large magnetite Sino Iron and Balmoral iron ore deposits from Mineralogy Pty Ltd for approximately $600 million on April 1, 2006. The deal concerned the rights to the first 1,000 million tonnes extracted from each deposit. A further $0.30 royalty is payable per tonne of ore taken (amounting to a further $600 million based on 1,000 million tonnes extracted from each deposit.) A further revenue based royalty was also agreed but has not been factored into the calculations.

Buyer: MCC Mining
Target: Cape Lambert Iron Ore Project
Date: February 2008

MCC Mining (Western Australia) Pty. Ltd. signed a memorandum of understanding to acquire Cape Lambert iron ore project from Cape Lambert Resources Limited (ASX: CFE) for $400 million in cash on February 26, 2008.
At the time of the transaction the Cape Lambert iron ore project had a magnetite resource of 1,556 Mt.

Buyer: Sojitz Resources
Target: Grange Resources, Exploration Licence E70/2512 of the Southdown Magnetite Deposit
Date: July 2007
Sojitz Resources agreed to acquire a 30% stake in Southdown Magnetite deposit from Grange Resources Ltd. on July 1, 2007 for approximately $14.6 million. At the time of the transaction the Southdown project had a magnetite resource of 479 Mt.

Buyer: Wuhan Iron and Steel Co (WISCO)
Target: Centrex Metals Limited, Southern and Central Eyre Peninsula Magnetite Deposits
Date: May 2009
Wuhan Iron and Steel Co., Ltd. (SHSE: 600005) entered into heads of agreement to acquire 50% stake in Southern and Central Eyre Peninsula Magnetite Deposits from Centrex Metals Limited (ASX: CXM) for $180 million on December 17, 2008 for the rights to a potential future resource of 1,000 million tonnes. As at May 10, 2009, the terms of the transaction were revised, Wuhan Iron and Steel would now acquire a 60% stake in Southern and Central Eyre Peninsula.

Buyer: Wuhan Iron and Steel Co (WISCO)
Target: Western Plains Limited, Hawks Nest Magnetite Deposit
Date: June 2009
Western Plains Resources Ltd (ASX:WPG) announced on 12 June 2009 that it had signed the final transaction documents with an Australian subsidiary of Wuhan Iron and Steel Co., Ltd. (SHSE: 600005) pursuant to which WISCO could earn a 50% interest in WPG's Hawks Nest magnetite project by sole funding the first $45 million of expenditure on feasibility and other studies.

The Hawks Nest magnetite projects are located south of Coober Pedy in South Australia which had a stated resource of 569 Mt of magnetite.

Buyer: Atlas Iron
Target: Aurox Resources
Date: March 2010
Atlas Iron Limited (ASX: AGO) signed a scheme of arrangement to acquire Aurox Resources Ltd. (ASX: AXO) from shareholders for approximately $140 million in stock on March 10, 2010. Under the terms of the deal, Aurox shareholders received one Atlas share for every three Aurox shares.

Aurox's principal asset is the Balla Balla titanomagnetite deposit in the East Pilbara which contained a resource of 456Mt. Aurox also held key port access rights to Utah Point.

APPENDIX G

SHORT FORM RAVENSGATE TECHNICAL EXPERT'S REPORT

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Ravensgate

TECHNICAL PROJECT REVIEW

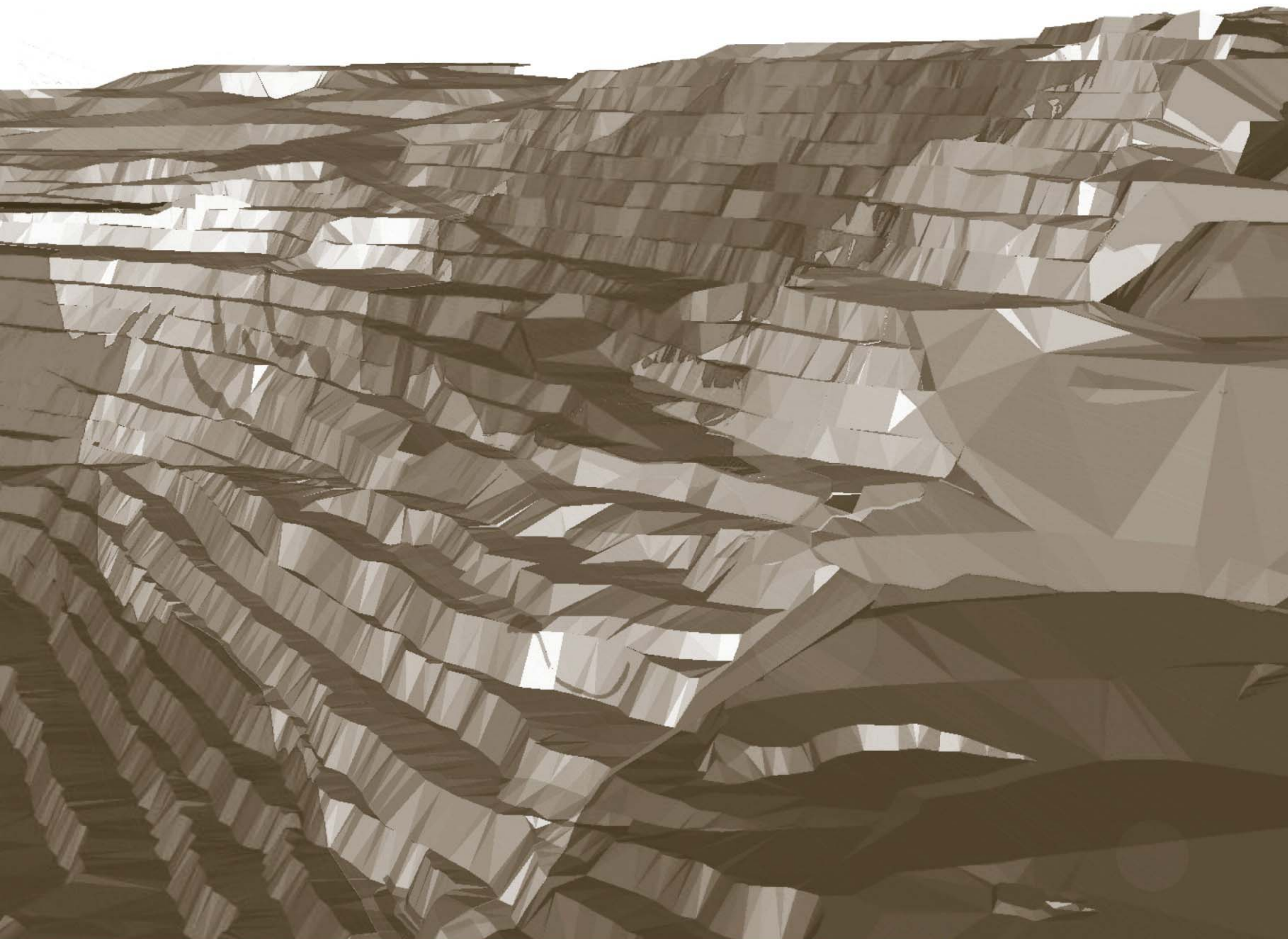
AND

INDEPENDENT VALUATION REPORT (SHORT FORM)

GIRALIA RESOURCES NL

for

PwCS
(PricewaterhouseCoopers Securities Ltd)



TECHNICAL PROJECT REVIEW

AND

INDEPENDENT VALUATION REPORT (SHORT FORM)

GIRALIA RESOURCES NL

for

PwCS **(PricewaterhouseCoopers Securities Ltd)**

RAVENSGATE

5 January 2011

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TECHNICAL PROJECT REVIEW

AND

INDEPENDENT TECHNICAL VALUATION (SHORT FORM)

Prepared by RAVENSGATE on behalf of:

Giralia Resources NL and PricewaterhouseCoopers Securities Ltd

---

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1. EXECUTIVE SUMMARY

Corvidae Pty Ltd ATF Ravensgate Unit Trust T/As Ravensgate (Ravensgate) has been commissioned by Giralia Resources NL (Giralia) and PricewaterhouseCoopers Securities Ltd (PwCS) to provide a Technical Project Review on 3 Western Australian Iron Projects and an Independent Technical Valuation over 15 Western Australian and South Australian Exploration Projects. The Technical Report was prepared by Ravensgate for inclusion in the Independent Expert's Report (IER) prepared by PricewaterhouseCoopers Securities Ltd which itself will be included in Giralia's target statement, and is a short form version of the full and complete Technical Project Review and Independent Valuation Report (Full Report) prepared by Ravensgate, which is located on the Giralia website (http://www.giralia.com.au/). The Western and South Australian Projects are currently either owned by Giralia or managed in joint venture agreements with Giralia. The Western Australian exploration tenement applications in progress by Giralia have not been included in this valuation of Mineral Assets owned by Giralia Resources NL. The projects included in this report are listed below with the first three projects forming the Technical Project Review.

Mineral Asset	Giralia ownership %
• McPhee Creek Project (Iron), WA.	100%.
• Daltons-Mt Webber Project (Iron), WA.	75%.
• Yerecoin Project (Iron), WA.	100%.
• Western Creek Project (Iron), WA.	100%.
• Anthiby Well Project (Iron), WA.	100%.
• Earaheedy Project (Iron), WA.	100%.
• Beebyn Project (Iron), WA.	100%.
• Lake Frome Project (Uranium), SA.	25% (Free carried).
• Snake Well Project (Gold), WA.	100%.
• Snake Well – Conquistador Project (Base Metals), WA.	100% (Diluting to 49%).
• Munro Bore Project (Gold), WA.	100% (E51/1063)
• Munro Bore Project (Gold), WA.	Royalty Interest Only (M51/338).
• Cookes Creek Project (Base Metals), WA.	30% (Free carried).
• Blue Rose–Olary Project (Base Metals), SA.	49% (Contributing).
• Yuinmery Project (Gold), WA.	24% (Diluting).
• Kathleen Valley & Mt Harris Project, WA (Gold & Nickel).	13-26% (Diluting).
• Corktree Project (Copper), WA.	100% (Diluting to 49%).
• Diorite Hill Project (Nickel), WA.	100%.
• Minor Projects, WA.	100%.

Giralia's Iron Projects are located in the Pilbara, Mid West or Perth region of Western Australia. McPhee Creek (Pilbara), Daltons-Mt Webber (Pilbara) and Yerecoin (Perth-New Norcia) are the most advanced of the companies' projects with Mineral Resource Estimates and Project Scoping Studies successfully progressed. Anthiby Well (Pilbara), Western Creek (Pilbara) and Beebyn (Mid West) are also well advanced with Mineral Resource estimates completed. The other iron exploration project is Earaheedy (Mid West) where recent drill programs have intersected near-surface, shallow-dipping iron formations. In South Australia, the Lake Frome Joint Venture is managed by Heathgate Resources Pty Ltd (Heathgate) for uranium exploration. Heathgate is the owner of the adjacent operating Beverley in-situ leach uranium mine. Successful exploration at the Blue Rose-Olary Joint Venture in South Australia has resulted in the 2010 announcement 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^2 area covering the Blue Rose oxide copper deposit within the project, and the rights to mine and process all mineralisation extracted. Giralia and Giralia's Joint Venture partners are actively exploring for gold and base metals at the remaining Western Australian projects. Gold Mineral Resource Estimates have been defined at Snake Well and Munro Bore Projects. In addition Giralia holds a number of minor tenements within Western Australia and has a list of tenement applications pending. Tenement details are compiled at the end of this report. Further exploration work remains to improve geological understanding, to generate or investigate exploration targets and to update Mineral Resources and Studies (where defined and as further work progresses) within the various projects. Ravensgate's considered opinion is that the projects are of merit and worthy of further exploration.

The valuation presented in this report was completed on behalf of Giralia Resources NL and PricewaterhouseCoopers Securities Ltd. The valuation has been completed with information provided by and with the full support of Giralia and respective Joint Venture partners. The applicable valuation date is 5 January 2011. The Mineral Assets within Giralia's projects vary from Exploration Areas through to Pre-Development Projects. A reported Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has been defined for a number of the projects. The Mineral Resource Estimates carried out by CSA Global Pty Ltd (CSA) for the Pre-Development Projects (McPhee Creek, Daltons-Mt Webber JV and Yerecoin) are reproduced below with further details within the main body of the report. Competent Person statements and consent are listed in Section 3.5.

Table 1 Mineral Resource Estimate for McPhee Creek, Daltons-Mt Webber and Yerecoin

McPhee Creek Hematite Iron Mineral Resource Estimate - Combined, CSA Global.

Deposit Cut-off Grade	Category	Tonnes (Mt)	Fe %	P %	SiO_2 %	Al_2O_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	260.0	56.2	0.12	6.7	2.3	9.5	62.1
Mineral Resource Estimate – Crescent Moon CID Deposit								
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

Daltons - Mt Webber Hematite Iron Mineral Resource Estimate - August 2010, CSA Global

Mineralised Zone	Category	Tonnes (Mt)	Fe	P	SiO_2	Al_2O_3	LOI	CaFe%
Main Southern Zone	Indicated	28.9	57.9	0.097	6.69	1.49	8.17	63.05
Lower Zone	Inferred	4.3	53.7	0.046	15.29	0.81	6.50	57.43
Northern Zone	Inferred	1.9	55.0	0.070	8.10	3.24	8.52	60.12
Total	Total	35.1	57.2	0.089	7.81	1.50	7.99	62.16

Yerecoin Magnetite Iron Mineral Resource Estimate - July 2010, CSA Global

Deposit Cut-off Grade	Category	Tonnes (Mt)	Head	DTR	Cons	Cons	Cons	Cons
			Fe %	Wt Rec %	Fe %	SiO_2 %	Al_2O_3 %	P %
North	Inferred	153.4	31.1	34.3	70.6	1.7	0.3	0.003
South	Inferred	33.3	29.6	26.2	68.0	3.7	0.7	0.007
Combined	Inferred	186.8	30.9	32.8	70.1	2.1	0.4	0.004

Ravensgate carried out a site visit and Project Technical Assessment on the 21st of December 2010 at the Yerecoin Iron Project. Ravensgate is of the opinion that on limited review, the site visit reasonably covered all significant areas for the purpose of this report. Ravensgate is satisfied that there is sufficient current information available to allow an informed appraisal to be made without including a site inspection on the other projects and is of the opinion that no significant additional benefit would have been gained through a site visit to these areas at this stage. Ravensgate has concluded the Western Australian Iron Projects (in particular) and Western Australian/ South Australian gold, base metal and uranium projects are of technical merit and are worthy of conducting further exploration.

Ravensgate has concluded the Western Australian and South Australian Projects are of merit (although at varying stages of exploration and subsequent Mineral Asset classification), and worthy of further exploration. A summary of the Australian project valuation in 100% terms is provided in Table 2. The applicable valuation date is 5 January 2011 and is derived from the Insitu Yardstick, Multiples of Exploration Expenditure (MEE) and Comparable Transactions valuation methods. The value of a 100% ownership interest in the listed Projects is considered to lie in a range from $49M to $109M, within which range Ravensgate has selected a preferred value of $75M. A summary of the Australian project valuation in Giralia ownership terms where applicable is provided in Table 3. The value of Giralia ownership in the listed Projects is considered to lie in a range from $44M to $102M, within which range Ravensgate has selected a preferred value of $69M. Note that Ravensgate was not requested to provide a valuation for the more advanced pre-development iron ore projects (i.e. McPhee Creek, Daltons-Mt Webber and Yerecoin).

Giralia is uncertain whether it still holds the rights to certain gold, copper and cobalt tenements in Chile, South America and it therefore no longer recognises a value for these assets on its balance sheet. Accordingly, Ravensgate has assigned a nil value for these assets on consideration of the uncertainty surrounding their ownership by Giralia.

Table 2 Giralia Resources NL – Project Technical Valuation Summary in 100% Ownership terms for Western and South Australian Projects.					
Project	**Mineral Asset**	**Ownership 100%**	**Valuation**		
			Low $M	**High $M**	**Preferred $M**
Western Creek Iron, WA.	Advanced Exploration Area.	100%	27.9	62.9	45.4
Anthiby Well Iron, WA.	Advanced Exploration Area.	100%	5.8	13.1	6.3
Earaheedy Iron, WA.	Exploration Area.	100%	2.3	3.2	2.8
Beebyn Iron, WA.	Advanced Exploration Area.	100%	1.4	3.6	3.0
Lake Frome Uranium, SA.	Exploration Area.	100%	3.9	4.4	4.2
Snake Well Gold, WA.	Advanced Exploration Area.	100%	2.7	5.8	4.25
Snake Well – Conquistador Base Metals, WA.	Exploration Area.	100% diluting	1.2	4.3	1.9
Munro Bore Gold, WA.	Exploration Area.	100%	0.15	0.61	0.38
Munro Bore Gold, WA.	Advanced Exploration Area.	Royalty	0.20	0.29	0.24
Cookes Creek Base Metal, WA.	Exploration Area.	100%	0.65	0.96	0.81
Blue Rose-Olary Base Metals, SA.	Exploration Area.	100%	0.66	2.09	1.8
Yuinmery Gold, WA.	Exploration Area.	100%	0.8	1.35	1.1
Mt Harris Nickel / Gold, WA.	Exploration Area (19% of Project).	100%	0.05	0.12	0.08
Kathleen Valley Nickel / Gold, WA.	Exploration Area (81% of Project).	100%	0.20	0.51	0.36
Corktree Copper, WA.	Exploration Area.	100% diluting	0.20	0.80	0.50
Diorite Hill Nickel, WA.	Exploration Area.	100%	0.20	0.30	0.25
Minor Projects, WA.	Exploration Area.	100%	0.30	4.40	1.50
Combined Australian Projects	**All listed projects**	**100%**	**49**	**109**	**75**

The combined valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

Table 3 Giralia Resources NL – Project Technical Valuation Summary in Giralia Ownership terms for Western and South Australian Projects.					
Project	**Mineral Asset**	**Giralia Ownership**	**Valuation**		
			Low $M	**High $M**	**Preferred $M**
Western Creek Iron, WA.	Advanced Exploration Area.	100%	27.90	62.90	45.40
Anthiby Well Iron, WA.	Advanced Exploration Area.	100%	5.80	13.10	6.30
Earaheedy Iron, WA.	Exploration Area.	100%	2.30	3.20	2.80
Beebyn Iron, WA.	Advanced Exploration Area.	100%	1.40	3.60	3.00
Lake Frome Uranium, SA.	Exploration Area.	25%	0.98	1.10	1.05
Snake Well Gold, WA.	Advanced Exploration Area.	100%	2.70	5.80	4.25
Snake Well – Conquistador Base Metals, WA.	Exploration Area.	100% diluting	1.20	4.30	1.90
Munro Bore Gold, WA.	Exploration Area.	100%	0.15	0.61	0.38
Munro Bore Gold, WA.	Advanced Exploration Area.	Royalty	0.20	0.29	0.24
Cookes Creek Base Metal, WA.	Exploration Area.	30%	0.20	0.29	0.24
Blue Rose-Olary Base Metals, SA.	Exploration Area.	49%	0.32	1.02	0.88
Yuinmery Gold, WA.	Exploration Area.	24%	0.19	0.32	0.26
Mt Harris Nickel / Gold, WA.	Exploration Area.	26%	0.01	0.03	0.02
Kathleen Valley Nickel / Gold, WA.	Exploration Area.	13%	0.03	0.07	0.05
Corktree Copper, WA.	Exploration Area.	100% diluting	0.20	0.80	0.50
Diorite Hill Nickel, WA.	Exploration Area.	100%	0.20	0.30	0.25
Minor Projects, WA.	Exploration Area.	100%	0.30	4.40	1.50
Combined Australian Projects	**All listed projects**	**% Giralia**	**44**	**102**	**69**

The combined valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

2. SHORT FORM REPORT

This Short Form Technical Report by Ravensgate contains all material information relevant to the Technical Project Review and Independent Valuation. Further detail, including background information on the location, tenure, geology and exploration history of the Western Australian and South Australian Projects, is set out in the Full Report. A copy of the Full Report is located on the Giralia website (http://www.giralia.com.au/).

3. INTRODUCTION

3.1 Terms of Reference

Corvidae Pty Ltd ATF Ravensgate Unit Trust T/As Ravensgate (Ravensgate) has been commissioned by Giralia Resources NL (Giralia) and PricewaterhouseCoopers Securities Ltd (PwCS) to provide a Technical Project Review and an Independent Technical Valuation over three Western Australian and fifteen Western Australian or South Australian Projects respectively. The Technical Report was prepared by Ravensgate for inclusion in the Independent Expert's Report (IER) prepared by PricewaterhouseCoopers Securities Ltd which itself will be included in Giralia's target statement, and is a short form version of the full and complete Technical Project Review and Independent Valuation Report (Full Report) prepared by Ravensgate, which is located on the Giralia website (http://www.giralia.com.au/).

The Western and South Australian Projects are currently either owned by Giralia or managed in joint venture agreements with Giralia. The Western Australian exploration tenement applications in progress (i.e. pending) by Giralia have not been included in this valuation of Mineral Assets owned by Giralia Resources NL. Giralia is considering an acquisition offer for Giralia's projects which comprise seven iron projects, a uranium project and ten gold and/or base metal projects. Ravensgate understands that all the project tenements in Western Australia and South Australia are held in good standing. Ravensgate makes no other assessment or assertion as to the legal title of tenements and is not qualified to do so.

The objective of this report is to firstly provide a Technical Project Review of the Mineral Resource Estimates and Project Scoping Studies for McPhee Creek, Daltons-Mt Webber and Yerecoin Iron Projects. The second objective of this report is to provide a Valmin compliant valuation and technical assessment of the other fifteen projects only. The work has been commissioned by Giralia Resources NL (Giralia) and PricewaterhouseCoopers Securities Ltd (PwCS) to be included in the IER and Target's Statement and may be distributed to shareholders or investors in the form and context in which it appears within this report. A site visit was included in the commissioning proposal for the review of the Yerecoin Iron Project nearby to New Norcia, Perth. The site visit was undertaken by Mr Craig Allison, Principal Consultant (Geologist) of Ravensgate on 21st December 2010. Mr Allison was accompanied by Mr Paul Bonato, Project Geologist for Giralia Resources. As part of this site visit Ravensgate completed a review of the project technical aspects, including previous work, geology, planned exploration and exploration potential in order to assist in the valuation. Ravensgate is of the opinion that on limited review, the site visit reasonably covered all significant areas for the purpose of this report. Ravensgate is satisfied that there is sufficient current information available to allow an informed appraisal to be made without including a site inspection on the other projects and is of the opinion that no significant additional benefit would have been gained through a site visit to these areas at this stage. Ravensgate has concluded the Western Australian Iron Projects (in particular) and Western Australian/ South Australian gold, base metal and uranium projects are of technical merit and are worthy of conducting further exploration.

Giralia Resources NL will rely upon and use this report to separately form an opinion about the value of the mineral rights in relation to consideration of project assessment or acquisition. This report does not provide a valuation of Giralia Resources NL as a whole, nor does it make any comment on the fairness and reasonableness of any proposed transaction between any two companies. The conclusions expressed in this Technical Project Review and Independent Technical Valuation are valid as at the Valuation Date (5 January 2011). The review and valuation is therefore only valid for this date and may change with time in response to changes in economic, market, legal or political factors, in addition to ongoing exploration results. All monetary values included in this report are expressed in Australian dollars (A$) unless otherwise stated.

This report has been prepared in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (The ValMin Code) as adopted by the Australasian Institute of Mining and Metallurgy (AusIMM) in April 2005. The report has also been prepared in accordance with ASIC Regulatory Guides 111 (Contents of Expert Reports) and 112 (Independence of Experts). The Technical Project Review and Independent Technical Valuation report has been compiled based on information available up to and including the date of this report.

3.2 Qualifications, Experience and Independence

Ravensgate was established in 1997 and specialises in resource modelling and resource estimation services. The company has worked for major clients globally, including Freeport at Grasberg Mine, Ok Tedi Gold Mine in Papua New Guinea, Goldfields in Ghana, BHP in Western Australia and many junior resource companies which are ASX (Australian Stock Exchange), TSX (Toronto Stock Exchange) or AIM (London Stock Exchange) listed companies. Ravensgate has focused upon providing resource estimations, valuations, and independent technical documentation and has been involved in the preparation of Independent Reports for Canadian, Australian, United States and United Kingdom listed companies.

Author: Craig Allison, Principal Consultant - Resources. BAppSci (Hons) Geology, MAusIMM.

Craig Allison is employed by Ravensgate as a Principal Consultant where he carries out work for Mineral Resource estimations, Independent Technical Valuations, Independent Geologist Report's and Formal Technical Project reviews over a range of commodities. He has over 15 years mining industry experience in operational project exploration, grade control and resource estimation. Craig has worked for both junior and larger ASX listed companies, encompassing open-cut and underground operations and evaluations. Competent Person sign-off was undertaken for BHP Billiton's Mt Keith nickel resource and other projects surrounding the mine in 2007. A Post Graduate course in Geostatistics was completed in 2006. Craig Allison holds the relevant qualifications and professional associations required by the ASX, JORC and ValMin Codes in Australia. He is a Qualified Person under the rules of the CIMM and NI43-101.

Co Author: Will Sarunic, Principal Consultant – Engineering. BAppSci Geology, MEngSc (Geotechnical), MAusIMM CP (Mining).

Will Sarunic is employed by Mining One Consultants as a Principal Consultant and General Manager where he carries out work for Mining Projects at various stages of development including Formal Technical reviews over a range of commodities. He has over 20 years mining industry experience in Geotechnical evaluation and design, operational supervision, due diligence assessments and acquisitions and evaluations. Will has worked for private, as well as junior and larger ASX listed companies, encompassing open-cut operations across a range of commodities. Will has extensive iron ore experience having managed the supply of geotechnical services to BHP Billiton for all of their Australian Iron Ore Projects, as well as carrying out design studies for many other iron ore projects in Australia and overseas.

Peer Reviewer: Stephen Hyland, Principal Consultant and Director. BSc Geology, MAusIMM, CIMM, GAA, MAICD.

Stephen Hyland has had extensive experience of over 20 years in exploration geology and resource modelling and has worked extensively within Australia as well as offshore in Africa, Eastern and Western Europe, Central and South East Asia, modelling base metals, gold, precious metals and industrial minerals. Stephen's extensive resource modelling experience commenced whilst working with Eagle Mining Corporation NL in the diverse and complex Yandal Gold Province where for three and half years he was their Principal Resource Geologist. The majority of his time there was spent developing the historically successful Nimary Mine. He also assisted the regional exploration group with preliminary resource assessment of Eagle's numerous exploration and mining leases. Since 1997, Stephen has been a full time consultant with the minerals industry consulting firm Ravensgate where he is responsible for all geological modelling and reviews, mineral deposit evaluation, computational modelling, resource estimation, resource reporting for ASX / JORC and other regulatory compliance areas. Primarily, Stephen specialises in Geological and Resource Block Modelling generally with the widely used MEDSystem / MineSight® 3D mine-evaluation and design software. Stephen Hyland holds the relevant qualifications and professional associations required by the ASX, JORC and ValMin Codes in Australia. He is a Qualified Person under the rules and requirements of the Canadian Reporting Instrument NI43-101.

The Authors of this report, are not, nor intend to be, a director, officer or other direct employee of Giralia Resources NL or Atlas Iron Limited, and have no material interest in the projects of Giralia Resources NL or Atlas Iron Limited. Ravensgate holds nil interest or shareholdings in the target (Giralia) or bidder (Atlas Iron Limited). The relationship with Giralia Resources NL and PricewaterhouseCoopers Securities Ltd is solely one of professional association between client and independent consultant. Ravensgate's professional fees are based on time charges for work actually carried out, and are not contingent on any prior understanding concerning the conclusions to be reached. Fees arising from the preparation of this report are charged at Ravensgate's standard rates and are in the order of $70,000 to $90,000. Neither Ravensgate nor any of its employees or associates is an insider, associate or affiliate of Giralia Resources NL or any associated company. The report has been prepared in compliance with the Corporations Act and ASIC Regulatory Guides 111 and 112 with respect to Ravensgate's independence as experts. Ravensgate regards RG112.31 to be in compliance whereby there are no business or professional relationships or interests which would affect the expert's ability to present an unbiased opinion within this report. This Report has been compiled based on information available up to and including the date of this Report.

3.3 Principal Sources of Information

The principal sources of information used to compile this report comprise technical reports and data variously compiled by Giralia Resource Limited (Giralia) and their partners or consultants, the Yerecoin Project site visit, publically available information such as ASX releases, discussions with Giralia technical and corporate management personnel and government reports. With the consent of Giralia general content of the regional geology, historical exploration and current exploration has been reproduced verbatim from a number of Giralia reports. A listing of the principal sources of information is included in the references attached to this report. All reasonable enquiries have been made to confirm the authenticity and completeness of the technical data upon which this report is based. A final draft of this report was also provided to Giralia, along with a request to identify any material errors or omissions prior to final submission.

3.4 Consent Statements

Consent has been given by Ravensgate for the distribution of this report by Giralia Resources NL and PricewaterhouseCoopers Securities Ltd in the form and context in which it appears.

Consent has been given by Ravensgate for the inclusion of this report in the Independent Experts Report (IER) prepared by PricewaterhouseCoopers Securities Ltd.

Consent was obtained for the reference to technical reports produced by consultants ProMet Engineers Pty Ltd which may not be in the public domain. This consent is provided subject to the inclusion in the Technical Project Review and Independent Valuation Report that ProMet Engineers Pty Ltd have not authorised or caused the issue of the Technical Project Review and Independent Valuation Report and make no representations or warranties, either express or implied, with respect to the completeness, accuracy or otherwise of the information contained in the Technical Project Review and Independent Valuation Report.

Consent was obtained for the reference to technical reports produced by consultants CSA Global Pty Ltd which may not be in the public domain. This consent is provided subject to the inclusion in the Technical Project Review and Independent Valuation Report that CSA Global Pty Ltd have not authorised or caused the issue of the Technical Project Review and Independent Valuation Report and make no representations or warranties, either express or implied, with respect to the completeness, accuracy or otherwise of the information contained in the Technical Project Review and Independent Valuation Report.

3.5 Competent Person Statements

The information in this report that relates to Exploration Results, is based on information compiled by R. M. Joyce, who is a full time employee of Giralia Resources NL (the Company) and a Member of the Australasian Institute of Mining and Metallurgy. R. M. 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'. R. M. 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 this report that relates to Identified Mineral Resources for the Snake Well 'Mixy' deposit (Table 11) is based on information compiled by Stephen Hyland, Principal Consultant of Ravensgate. Mr Hyland is a full time employee of Ravensgate. The information in this report that relates to Identified Mineral Resources for 'A-zone' deposit (Table 11) is based on information compiled by R E Williams, Consultant, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Williams is a full time employee of Norvale Pty Ltd. The information in this report that relates to Identified Mineral Resources for the 'Calisi 1', 'Calisi 2', 'Royal Standard' and Snake Well laterite deposits (Table 11) is based on information compiled by Rodney Michael Joyce, who is a Member of The Australasian Institute of Mining and Metallurgy and a full-time employee of Giralia Resources NL (the Company). The information in this report that relates to Identified Mineral Resources for the Munro Bore Deposit is based on information compiled by Rodney Michael Joyce, who is a Member of The Australasian Institute of Mining and Metallurgy and a full-time employee of Giralia Resources NL (the Company). Messrs Hyland, Williams and Joyce have 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 Mineral Resources and Ore Reserves", and have consented to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The information in the report that relates to in-situ Mineral Resources at Daltons- Mt Webber is based on information compiled by Mr Chris Allen of CSA Global (Table 1, Table 6). Chris Allen takes overall responsibility for the Mineral Resource. He is a Member of the Australian Institute of Geoscientists and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a

Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2004 Edition). Chris Allen consents to the inclusion of such information in this Report in the form and context in which it appears. Mr Allen is a full time employee of CSA Global Pty Ltd.

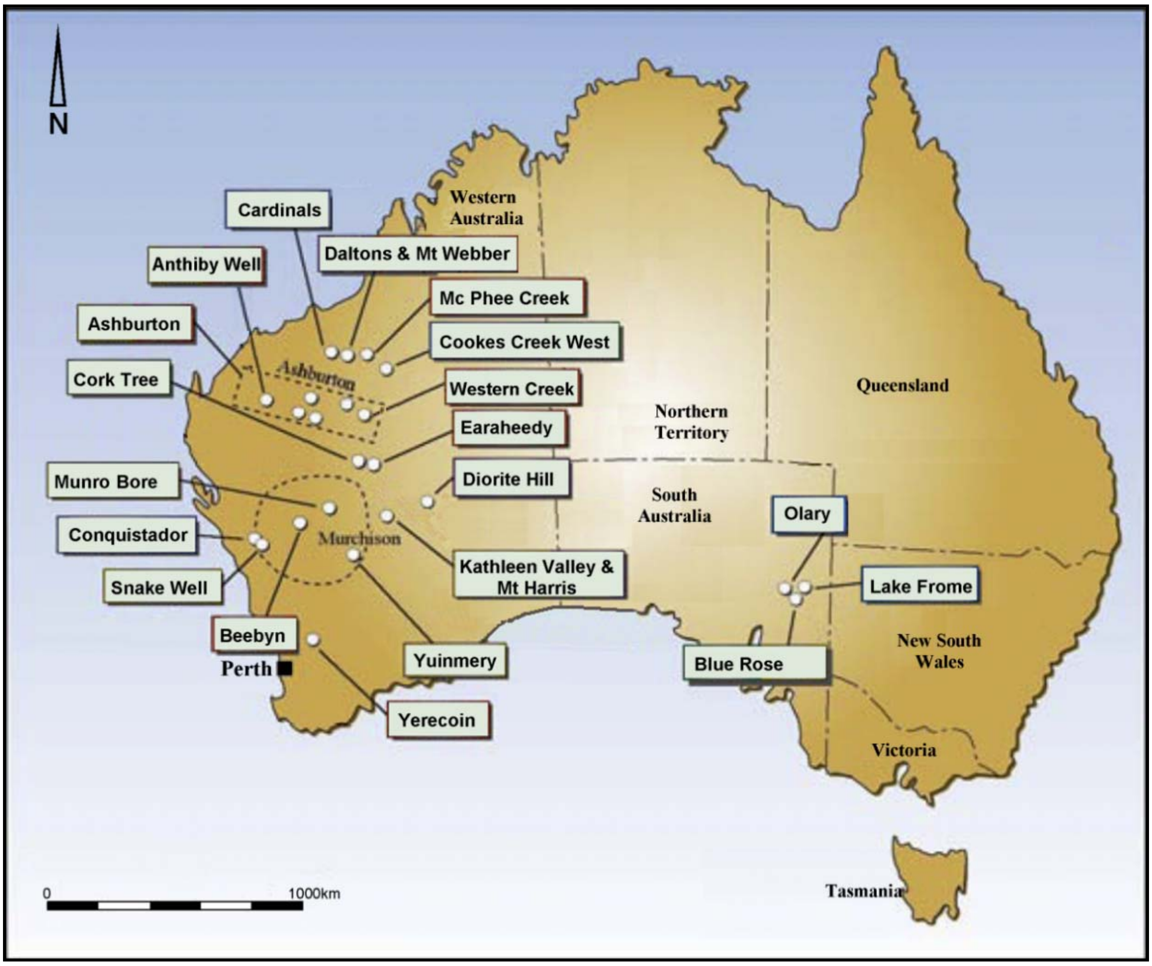
The information in the report that relates to in-situ Mineral Resources at Western Creek, McPhee Creek Main Range, Yerecoin and Anthiby Well is based on information compiled by Mr Grant Louw of CSA Global (Table 1, Table 8, Table 4, Table 7 and Table 9 respectively). Grant Louw takes overall responsibility for the Mineral Resource. He is a Member of the Australian Institute of Geoscientists and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2004 Edition). Grant Louw consents to the inclusion of such information in this Report in the form and context in which it appears. Mr Louw is a full time employee of CSA Global Pty Ltd.

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 (Table 10 and Table 1). Malcolm Titley takes overall responsibility for the Mineral Resource. 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. Mr Titley is a full time employee of CSA Global Pty Ltd.

3.6 Background Information

The projects discussed in this report are located in Western Australia and South Australia. A locality map of the projects is presented in Figure 1 below. A summary of the tenement details is listed in Table 25 at the end of this report. Report file references and a glossary are also included at the end of this report. Ravensgate understands that all the project tenements in Western Australia and South Australia are held in good standing. Ravensgate makes no other assessment or assertion as to the legal title of tenements and is not qualified to do so. Geological understanding, exploration history and mineralisation potential are further discussed for each project in subsequent sections. The Technical Project Review is outlined in Sections 4.5, 5.5 and 6.5 for McPhee Creek Iron Project, Daltons-Mt Webber and Yerecoin Iron Project respectively. The Independent Valuation of the remaining Giralia projects is outlined in Section 21 onwards.

Figure 1   Locality Map of the Western and South Australian Projects



4. MCPHEE CREEK IRON ORE PROJECT, PORT HEDLAND, WESTERN AUSTRALIA

4.1 Introduction and Location

The McPhee Creek area is located along the south-eastern margin of the Pilbara Granite Greenstone Terrane 220km south-east of Port Hedland and is located on the Nullagine SF 51-5, 1: 250,000 and Nullagine 2954 1:100,000 Geological Map Sheets respectively. The area of tenure straddles the Marble Bar and Nullagine district shires. Access is afforded by way of the graded Nullagine-Marble Bar Road, and thence via intermittently maintained pastoral and mining exploration tracks. The town of Nullagine is the principal commercial and logistical centre for the region. The project consists of four exploration licenses with a total area of 260km^2. Iron ore rights have been granted on one of the tenements (E46/733-I). The tenement details are listed in Table 25. A heritage survey was conducted at Giralia's McPhee Creek project, located approximately 30km north of the town of Nullagine in May 2009. The area of the survey lies on Vacant Crown Land (VCL) north of Bonney Downs pastoral station.

4.2 Geology and Mineralisation

Regionally the area covers a portion of three of the five major tectonic units within the older, granite–greenstones of the Archaean Pilbara Granite Greenstone Terrane. Exploration Licence E46/733 is host to two iron ore occurrences, including an established channel iron deposit (CID) along a mesa of strike length 3.5 kilometres. Iron grades from surface sampling recorded iron values to 58.7% Fe and from drilling up to 57.3% Fe with low phosphorous content. In addition a zone of hematite enrichment in nearby banded iron formation (BIF) of the Archaean Gorge Creek Group is documented. Exploration licence 46/733 covers a strike length of 8 kilometres of the target iron formation unit.

4.3 Current Exploration

During 2008 for the exploration licence E46/733 - Giralia conducted a Heritage Survey prior to the drilling of forty-three RC drillholes (RCMC001 – RCMC043) for a total of 909m targeting iron ore related to channel iron deposits (CID) at the Crescent Moon prospect. Sixty-seven rock chip samples (HS001 - HS170) were collected from a helicopter assisted reconnaissance programme. Three rock chip samples (HS42, HS102 and HS167) were collected from tenement E46/732.

During 2009 exploration comprised the drilling of seventy-one angled (-60^0) RC holes (RCMC044 – RCMC113) for 4,807m and the collection of seventeen rock chip samples (MCR001-017). A heritage survey was conducted over proposed RC drilling sites. Rock chip sampling recording best iron results of 59.18, 57.06, 59.64, 60.65, 60.36 and 63.84% Fe delineated the drill target (the Main Range prospect which is a new bedded Archaean aged iron ore discovery). Iron ore is hosted in a large shallowly folded synclinal structure ("Sandy Creek Syncline"). Mineralisation remains open with possible extensions along strike to the south and north and down dip to the east. Moreover, mineralization is still partly open at depth as several drillholes had to be abandoned (due to drilling difficulties) still within iron ore. Drilling continued throughout 2010, with 446 RC holes/ 42,102 metres now completed in total, along with 13 diamond core holes also completed.

4.4 Project Potential and Mineral Resource Estimate

The McPhee Iron Project can be classified as a 'Pre-Development Project' mineral asset where a Mineral Resource has been estimated and initial assessment at an early, scoping level stage has been undertaken. The commodity item of interest for exploration is primarily hematite iron mineralisation in the Pilbara region. A Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has been reported as below. Ravensgate considers the project is of merit and worthy of further assessment towards mine development. Ravensgate has reviewed information relating to construction of the block model resource estimate and the Mineral Resource classification. Ravensgate is satisfied that on limited review the tabled tonnes and grade by resource category are reasonable for use for the purposes of this report.

Table 4 McPhee Creek Hematite Iron Mineral Resource Estimate - Combined, CSA Global (Louw, 2010b, Louw, 2008a).

Deposit Cut-off Grade	Category	Tonnes (Mt)	Fe %	P %	SiO_2 %	Al_2O_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	260.0	56.2	0.12	6.7	2.3	9.5	62.1
Mineral Resource Estimate – Crescent Moon CID Deposit								
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 Competent Person statements and consent are listed in Section 3.5.

Louw, 2010b for CSA Global Pty Ltd (CSA) noted the modelled deposit appears to be a shallow dipping hematite rich zone within an Archaean age banded iron formation sequence (BIF). 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 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.

Of note is that the October 2010 McPhee Creek Iron Ore project scoping study by ProMet Engineers used a slightly earlier, interim Mineral Resource by CSA as reproduced below (Table 5). Ravensgate notes that the current McPhee Creek-Main Range Mineral Resource estimate (December 2010, Table 4) and the earlier, interim McPhee Creek Main Range estimate (September 2010, Table 5) used in the scoping study are similar on a global basis.

Table 5 September 2010 Main Range (McPhee Creek) Mineral Resource Estimate

Deposit Cut-off Grade	Category	Tonnes (Mt)	Fe %	P %	SiO_2 %	Al_2O_3 %	LOI %	CaFe %
Main Range Total > 50% Fe	Inferred	210	56.2	0.12	6.5	2.4	9.5	62.1

Giralia has also defined a small channel iron deposit (CID) east of the Main Range deposit (Louw, 2008a). The Crescent Moon deposit contains an Inferred Mineral Resource of 5.17Mt @ 53.6% Fe (60.4% CaFe). Competent Person statements and consent are listed in Section 3.5.

4.4.1 Model Estimate Review

Ravensgate undertook a brief review of the project data available for the McPhee Creek Iron project as supplied by CSA Global Pty Ltd (CSA). The data was loaded to MineSight(tm) software for the review. The data specifically reviewed in detail was the drilling data as well as the resource model wire-frames as constructed by CSA. The December 2010 McPhee Project resource block modelling was undertaken using a total of ~361 Drill-holes (including 3 diamond holes) drilled on a nominal 100x50m grid pattern. Most sample intervals were 2m in length and analysed for Fe, including a suite of other ancillary elements:- SiO2, Al2O3, P, S, Mn, CaO, Na, MgO, As, K2O, Ni, V, TiO2, Pb, Zn, Cu, Cr & also LOI and 'Calcined Fe'. CSA has carried out mineralization wire-framing on a cross-sectional basis using a nominal ~50% Fe lower cut-off and has elected to model mineralization domains with 'minimum widths' of 4m. A total of 7 mineralization orientation domains have also been employed to assist with optimal block model interpolation.

Ravensgate has reviewed the resource modelling work carried out by CSA for the McPhee Creek Project area has made the following observations regarding the current status of the McPhee Creek Project.

- Drilling – Ravensgate agrees with CSA that the current drill density is sufficient to assume continuity of mineralization for the estimation of both Indicated and Inferred Mineralized Resources, however in-fill drilling is required to assist up-grading of resource reporting in the future, particularly along strike. Ravensgate also agrees with CSA that any 'un-surveyed' holes need to be surveyed to ensure database and thus subsequent mineralization domain interpretation accuracy.
- Bulk Density – Ravensgate agrees with CSA that more bulk density determination will be most useful for ongoing work particularly within the known different material types including weathered and un-weathered zones. The addition of diamond drill-holes will be one of the most effective ways of achieving this.

Overall Ravensgate considered the resource modelling work carried out by CSA at McPhee Creek to be adequate for this stage of the project development.

4.5 Technical Project Review

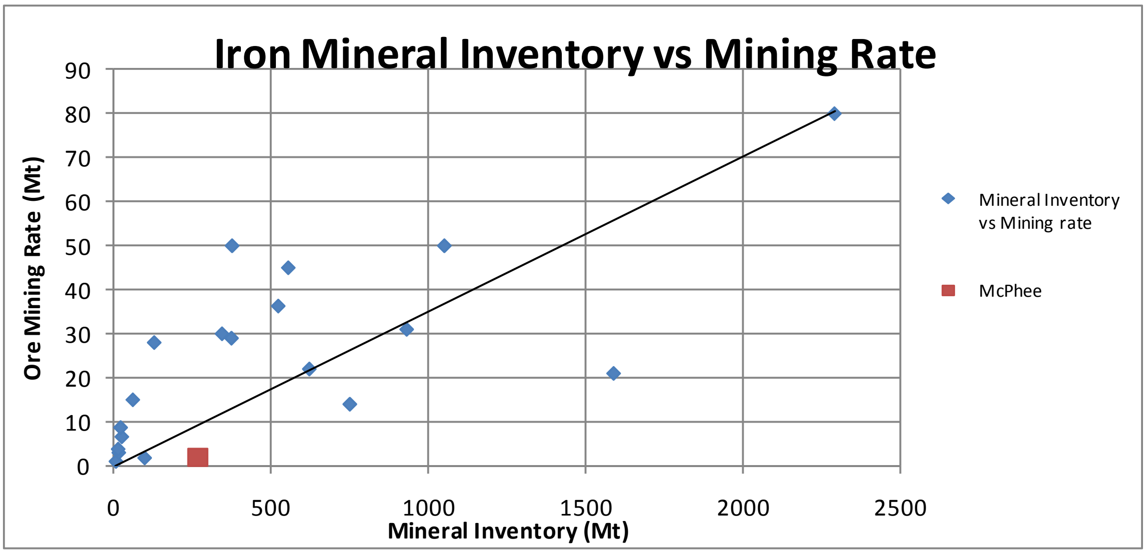
Giralia commissioned ProMet Engineers Pty Ltd (ProMet) to undertake a Scoping level study for the McPhee resource which was completed in late 2010. This study evaluated a simple 2Mt per year direct ship ore project with the base case assuming on-highway trucking of the ore from the site to port facilities approximately 280km away by road near Port Hedland. The scoping study was based on a number of key assumptions and returned a positive NPV for the project of $345m at 8% discount rate (real) and an IRR of 47.4% with a capital expenditure of $129M, estimated operating cost (excluding royalties) of $51.88 per tonne and an assumed revenue of $91.50 per tonne. Key assumptions for the project included:

- 57% Fe cutoff, giving an average ore grade of 58.5% Fe
- 1 year startup and 25 year life
- Strip ratio assumed at a waste to ore ratio of 0.4 to 1
- Simple crushing only for preparation of the ore
- 110 tonne Category 10 on highway truck transport of the ore from the Mine to Port
- Assumed lump fines ratio of 30:70

Key aspects of the study include:

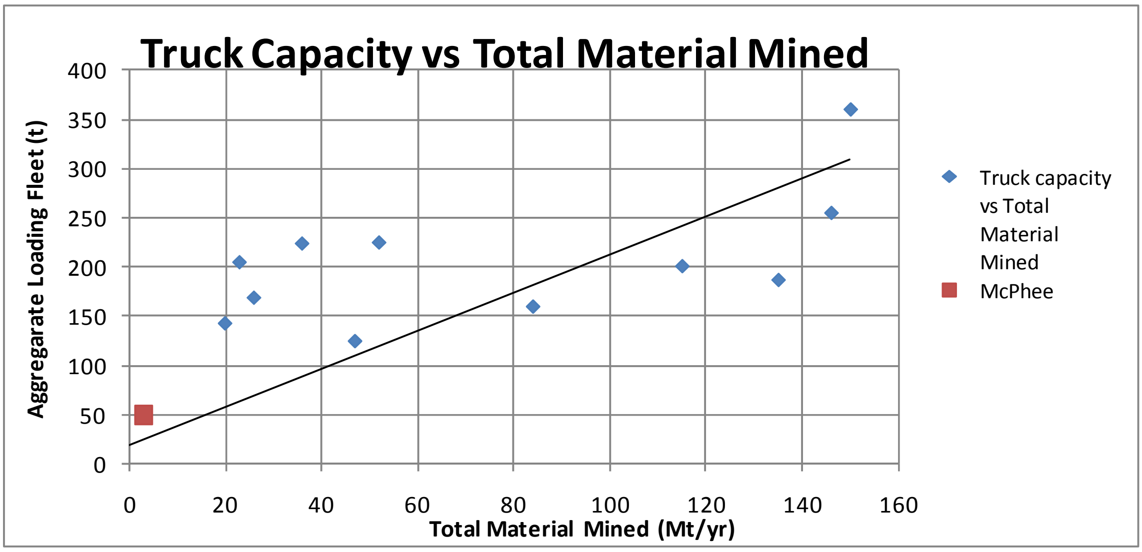
- Simple project plan i.e. low tonnage, simple crushing only preparation of ore and quick startup, this project is at the small scale end of iron ore projects.

Figure 2 McPhee Creek Project Mineral Inventory versus Mining Rate



- Capital Expenditure of $129M with the following key components: Mining equipment $18.1M, Crushing and Screening $5.8M, Storage and Dispatch $3.2M, Export facilities (road haulage) $38.5M, Plant Infrastructure $6.0M, General Infrastructure $15.4M and Indirects including EPCM, Capital Spares etc and Owners costs of $20.4M plus a contingency of $21.6M
- Equipment chosen for the project are small and limited in number due to the small scale of the operation and is typical of current practices (Figure 3).

Figure 3 McPhee Creek Project Mining Equipment Suitability



- Note that limited testing has been undertaken to support the assumed lump to fines ratio of 30:70, as such a 100% fines assumption would have been considered more conservative.
- Mining and Operating costs developed for the study are considered reasonable and similar to other iron ore projects. Note that the higher costs typically associated with small equipment is offset by the short haulage distance achievable with the mobile crushing and screening equipment being proposed for the project.

Figure 4 McPhee Creek Project Mining Cost Comparison

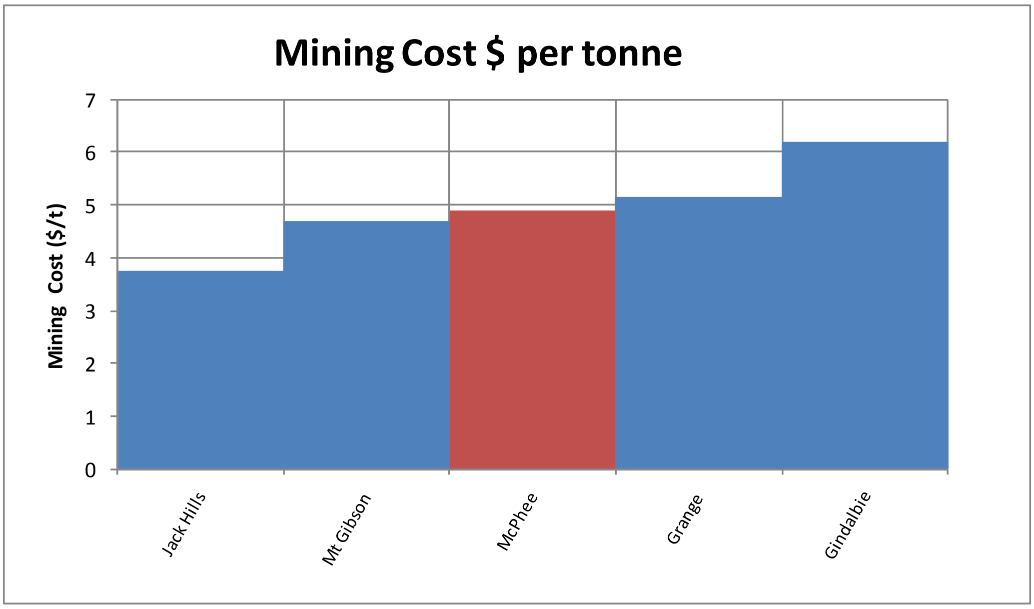
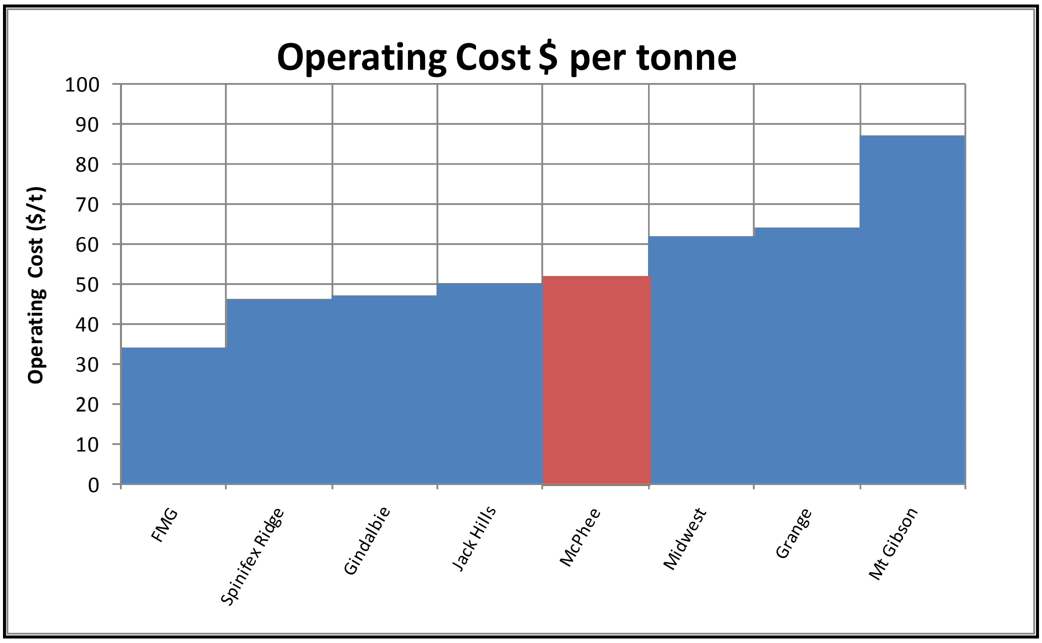


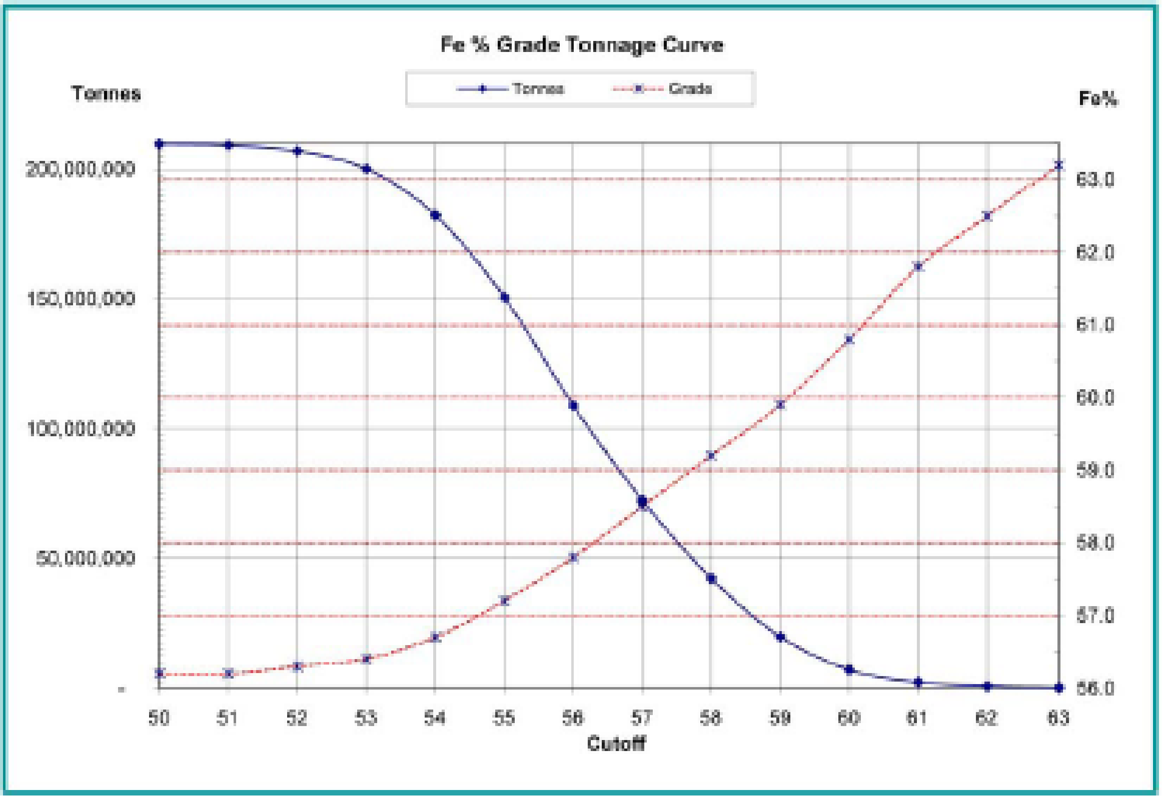
Figure 5 McPhee Creek Project Operating Cost Comparison



- Note that the selected cutoff grade for the project of 57% Fe, only provides for a Resource of 72.5Mt (Refer Figure below).

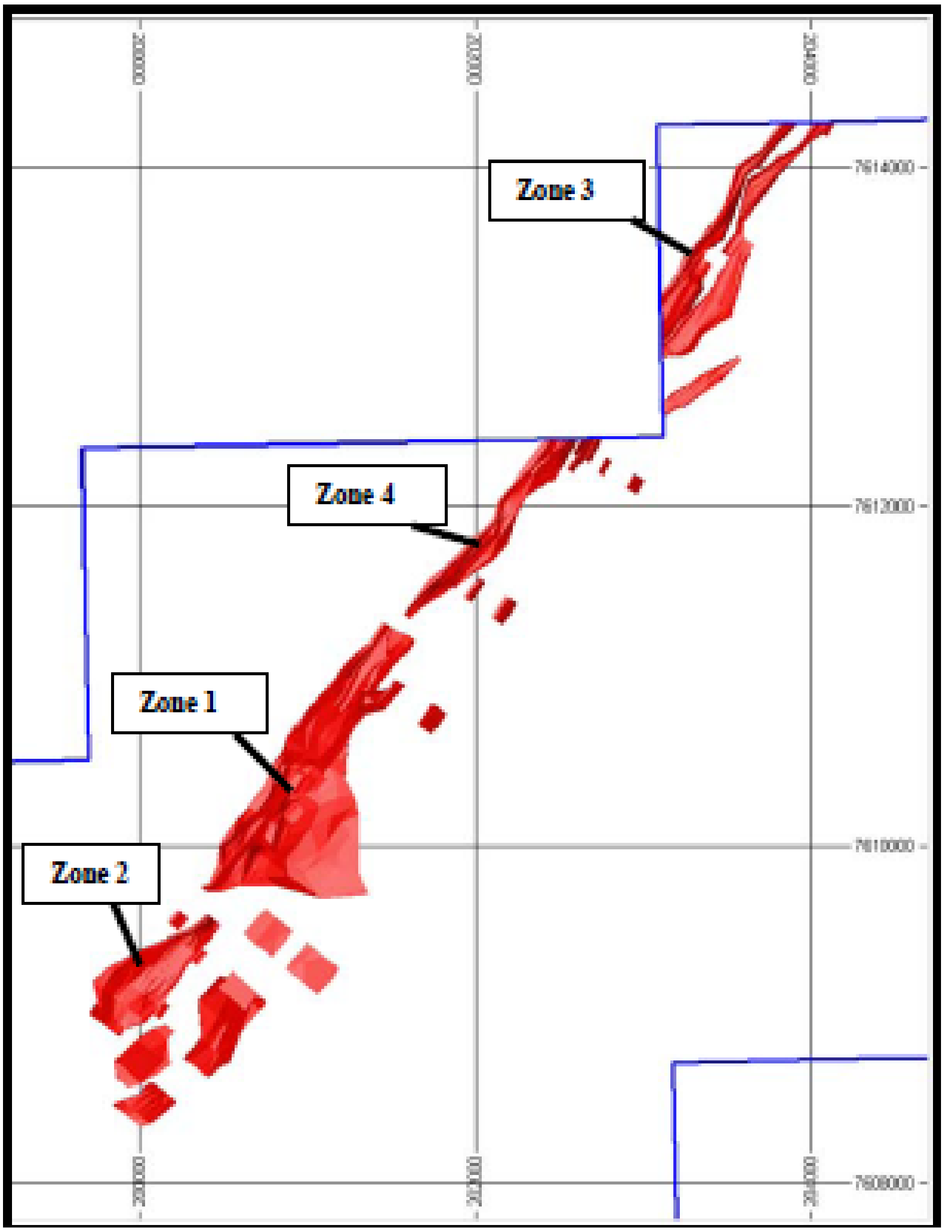
Figure 6 McPhee Creek Project Grade Tonnage Curve

Giralia Resources - McPhee Creek Main Range - Interpreted Mineralised Zones September 2010									
Fe% Cut	Volume	Tonnes	FE%	P%	SIO_2%	AL_2O_3%	LOI%	CaFe %	DENSITY
63	40,000	100,000	63.2	0.10	3.0	0.8	5.5	66.8	3.1
62	200,000	700,000	62.5	0.11	3.2	0.9	6.0	66.5	3.1
61	700,000	2,200,000	61.8	0.12	3.4	1.1	6.6	66.1	3.1
60	2,300,000	7,100,000	60.8	0.12	3.8	1.3	7.2	65.6	3.1
59	6,400,000	19,800,000	59.9	0.12	4.0	1.5	8.0	65.2	3.1
58	13,600,000	42,300,000	59.2	0.12	4.4	1.6	8.6	64.7	3.1
57	23,400,000	72,500,000	58.5	0.13	4.7	1.7	9.0	64.3	3.1
56	35,100,000	108,900,000	57.8	0.14	5.2	1.9	9.3	63.7	3.1
55	48,600,000	150,600,000	57.2	0.13	5.7	2.1	9.4	63.1	3.1
54	58,800,000	182,300,000	56.7	0.13	6.1	2.2	9.5	62.6	3.1
53	64,500,000	200,100,000	56.4	0.12	6.4	2.3	9.5	62.3	3.1
52	66,800,000	207,000,000	56.3	0.12	6.5	2.4	9.5	62.2	3.1
51	67,500,000	209,300,000	56.2	0.12	6.5	2.4	9.5	62.1	3.1
50	67,700,000	209,800,000	56.2	0.12	6.5	2.4	9.5	62.1	3.1



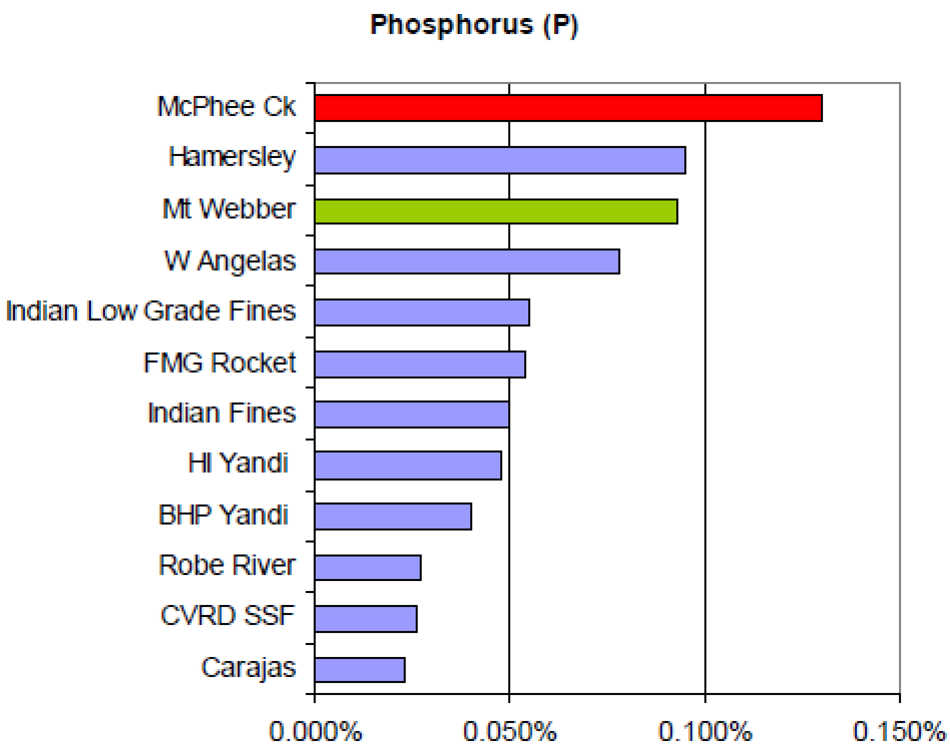
- Note that the current resources of 72.5 Mt adequately cover the proposed mining schedule (i.e. 2Mt ore per year for 25 years requiring 50Mt ore).
- Additionally there are significant lower grade resources available (total of 265Mt Resources with average grade 56.2% Fe).
- The assumed strip ratio of 0.4 to 1 is considered low due to the likely impact of the cutoff grade (i.e. effective 'high grading' of resource) as well as the 'poddy' nature of the resource with some areas likely to not be economically mineable (refer Figure below).

Figure 7   McPhee Creek Project Resource Zones



- The Phosphorous (P) content of the proposed McPhee Creek ore is higher than most other iron ore producers currently operating (Refer Figure below), but ProMet Engineers indicate that in recent years "*the concerns about P levels seem to have dissipated as most customers now have de-phospherisation*".

Figure 8 McPhee Creek Project Phosphorous Comparison



- Key operating cost is the truck haulage of ore 280km to Port Hedland, this is approximately 62% of the total operating cost and is based on an approximate $0.11/tkm which is within industry range.

The author believes this study has achieved its objective (i.e. *the basis for determining whether or not to proceed forward with an exploration program, and more detailed engineering work*) that further work is warranted. Furthermore this study has done little to reduce the development risk associated with the project.

Key risks in decreasing order are:

- Port access (Note that obtaining port access would make the project feasible)
- Transport options (not sure if base case i.e. trucks on public road is really feasible given current high levels of traffic)
- OPEX and CAPEX Costs (key driver transport and port)
- Revenue (Assumption is reasonable but question is, is anyone likely to buy this lower quality ore and for how much of a discount)

5. DALTONS-MT WEBBER IRON ORE PROJECT, PORT HEDLAND, WESTERN AUSTRALIA

5.1 Introduction and Location

The Daltons Project is located approximately 150 kilometres south-east of Port Hedland and 20km north of Hillside Station homestead. The project is situated in the Pilbara Block of Western Australia on the Marble Bar SF50-8 1:250K; Tambourah 2754 and North Shaw 2755 1:100K geological map sheets respectively. Access is via 4-wheel drive tracks north from the graded Woodstock to Marble Bar Road. The Dalton project consists of four exploration licenses and two prospecting licenses with a total area of 408km^2. Three of the exploration licenses have been granted iron ore rights. There is also one pending exploration license and one pending mining lease. The tenement details are listed in Table 25. During 2009 and 2010 heritage surveys were conducted over exploration licence E45/2186 with the party comprising representatives from Giralia Resources NL and the Njamal Native Title Claimants group. No artefacts of significance were reported.

5.2 Geology and Mineralisation

The Daltons project is located in the Eastern Pilbara Block and falls predominantly within the Gorge Creek and Sulphur Springs Groups of the Pilbara Supergroup, although the large tenement area includes Fortescue, De Grey and Warrawoona Group rocks. The Gorge Creek Group is subdivided into six formations: the sediment dominated Paddy Market, Corboy, and Pincunah Formations of the Soanesville Subgroup, and Honeyeater Basalt, and Pyramid Hill Formation. The sedimentary formations of the Gorge Creek Group consist of mainly clastic meta-sedimentary rocks, which are characterized by large internal variations in thickness and by major facies changes, which suggest accumulation in an unstable tectonic environment. Indirect isotopic dating suggests that the age of the Gorge Creek Group is between 3.3 and 3.0 Ga.

A suite of differentiated ultramafic and mafic bodies (Daltons Suite) intrude the upper Warrawoona Group, the Sulphur Springs Group, and into the lower part of the Gorge Creek Group on the limbs of the Soanesville Syncline. Several ultramafic sequences have been mapped in the Soanesville syncline area that contain both intrusive (e.g.: Daltons ultramafic body) and extrusive (e.g.: Maui ultramafic body) variants of these olivine-rich rock types. The ultramafic sequences are interlayered with mafic volcanic and detrital to chemical sedimentary rocks which also contain variable sulphide contents.

5.3 Current Exploration

2008-2009

Iron ore exploration comprised helicopter assisted reconnaissance with the collection of seventy-five rock chip samples (DR6, DR7, DR15- DR17, HS052 - HS200). A maximum assay result of 65.49% Fe was returned from Sample No. HS109.

2009-2010

During the 2009-2010 reporting period exploration in the Dalton's JV area comprised the drilling of forty angled (-60^0) and vertical RC drillholes (RCDW001 - RCDW040) and the collection of sixty-one rock chip samples (HS201 - HS281) from outcrops of BIF by means of helicopter support. A further program of infill RC and diamond core drilling in late 2010 has brought the total number of RC holes completed to 59, with 6 diamond core also completed

5.4 Project Potential and Mineral Resource Estimate

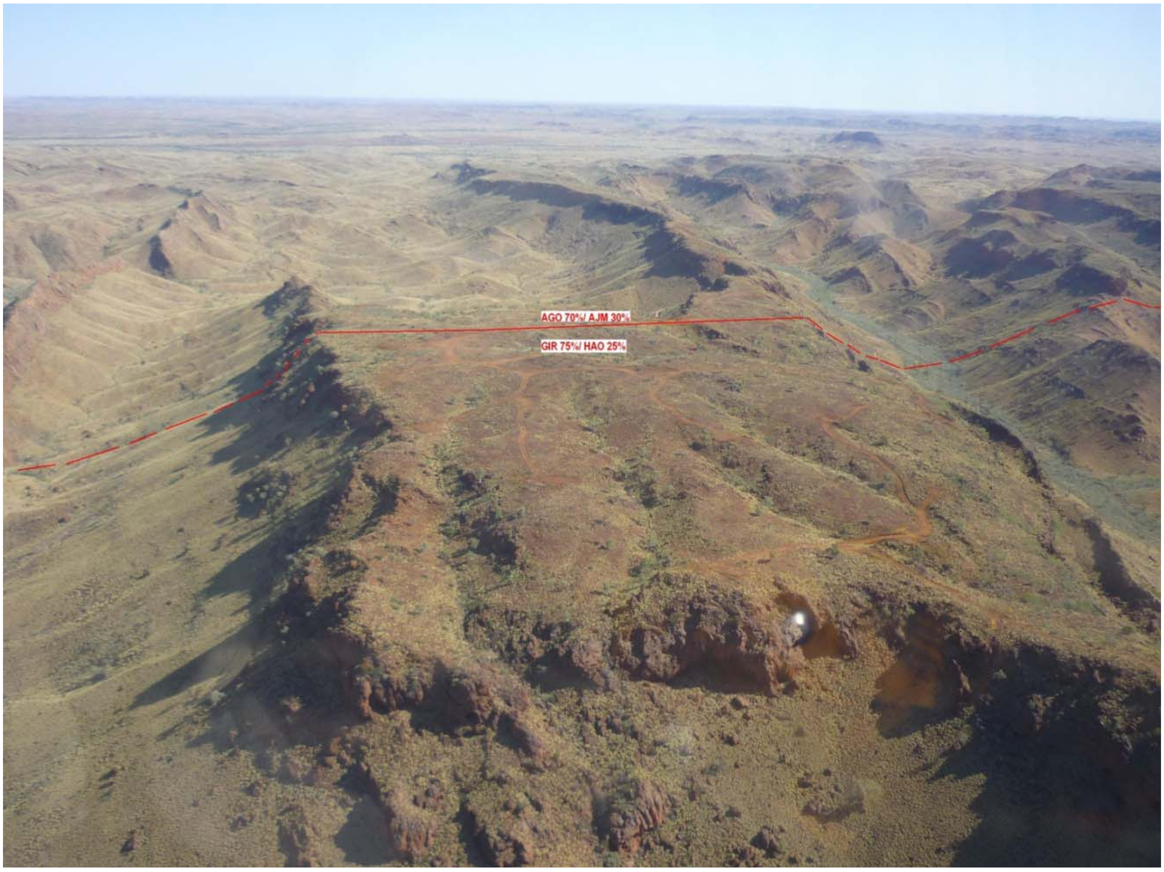
The Daltons-Mt Webber Iron Project can be classified as a 'Pre-Development Project' mineral asset where a Mineral Resource has been estimated and initial assessment at an early, scoping level stage has been undertaken. The commodity item of interest for exploration is primarily hematite iron mineralisation in the Pilbara region. A Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has been reported as below. Ravensgate considers the project is of merit and worthy of further assessment towards mine development. Ravensgate has reviewed information relating to construction of the block model estimate and the Mineral Resource classification. Ravensgate is satisfied that on limited review the tabled tonnes and grade by resource category are reasonable for use for the purposes of this report.

Table 6 Daltons - Mt Webber Hematite Iron Mineral Resource Estimate - August 2010 (Allen, 2010)								
Mineralised Zone	**Category**	**Tonnes (Mt)**	**Fe**	**P**	**SiO_2**	**Al_2O_3**	**LOI**	**CaFe%**
Main Southern Zone	Indicated	28.9	57.9	0.097	6.69	1.49	8.17	63.05
Lower Zone	Inferred	4.3	53.7	0.046	15.29	0.81	6.50	57.43
Northern Zone	Inferred	1.9	55.0	0.070	8.10	3.24	8.52	60.12
Total	Total	35.1	57.2	0.089	7.81	1.50	7.99	62.16

Note Competent Person statements and consent are listed in Section 3.5.

Allen, 2010 for CSA Global Pty Ltd (CSA) noted the Mount Webber deposit forms a flat-lying iron enrichment developed over Archaean banded iron formations (BIF). The deposit is well exposed with little overlying waste material. The resources has been drilled with 59 RC holes on section spacings of 100m by 50m spacing along section, with most drillholes between 70 and 120m deep. The model is reported using a cut-off of >50% Fe.

Figure 9 Aerial photograph looking south across the Daltons JV-Mt Webber deposit (Main Southern Zone).



Note Giralia 75%, Haoma 25% in the foreground (in front of red line) and Atlas 70%, Altura 30% JV Mt Webber deposit in the background (behind red line).

5.4.1 Model Estimate Review

Ravensgate undertook a brief review of the project data available for the Daltons JV – Mt Webber Project as supplied by CSA Global Pty Ltd (CSA) and ProMet Engineers. The Daltons JV – Mt Webber Project resource block modelling has been undertaken using a total of ~59 Drill-holes (including 6 PQ sized diamond holes) drilled on a 100x50m grid pattern. Most sample intervals were 1m in length and analysed for Fe, including a suite of other ancillary elements:- SiO2, Al2O3, P, S & LOI. CSA has carried out mineralization wire-framing on a cross-sectional basis using a nominal ~50% Fe lower cut-off and has elected to model mineralization domains with 'minimum widths' of 2-4m. A set of 2 mineralization orientation domains have also been employed to assist with optimal block model interpolation. These are the 'main' Southern and 'minor' Northern Zones.

Ravensgate has reviewed the resource modelling work carried out by CSA for the Daltons JV – Mt Webber Project area and has made the following observations regarding the current status of the Daltons JV – Mt Webber Project.

- Drilling – Ravensgate agrees with CSA that the current drill density is sufficient to assume continuity of mineralization for the estimation of Indicated and Inferred Mineralized Resources, however in-fill drilling is required to assist up-grading of resource reporting in the future, particularly along strike.
- Bulk Density – It is Ravensgate's opinion after reviewing the CSA modelling work that although 36 physical density measurements were taken on drill core, more bulk density determination will be most useful for ongoing work particularly within the known different material types including weathered and un-weathered zones. The addition of some more diamond drill-holes will be one of the most effective ways of achieving this.

Overall Ravensgate considered the resource modelling work carried out by CSA at Daltons JV – Mt Webber to be adequate for this stage of the project development.

5.5 Technical Project Review

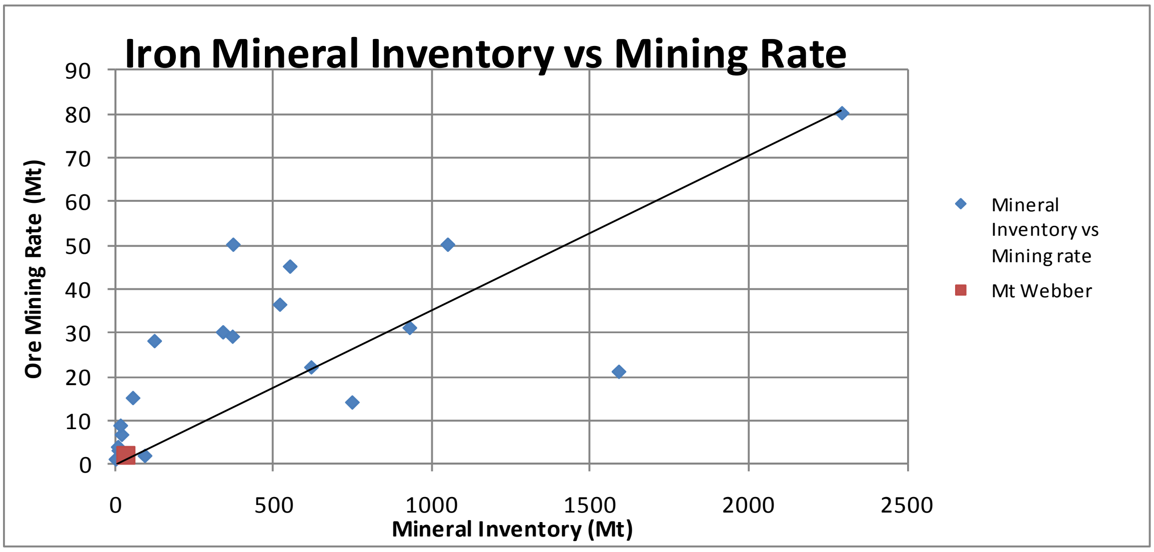
Giralia commissioned ProMet Engineers Pty Ltd to undertake a Scoping level study for the Dalton-Mt Webber resource in late 2009. This study evaluated a simple 2Mt per year direct ship ore project with the base case assuming on-highway trucking of the ore from the site to port facilities approximately 220km away by road near Port Hedland. The scoping study was based on a number of key assumptions and returned a positive NPV for the project of $163m at 8% discount rate (real) and an IRR of 25% with a capital expenditure of $115M, operating cost of $42.12 per tonne and an assumed revenue of $67.20 per tonne. Key assumptions for the project included:

- Strip ratio assumed at a waste to ore ratio of 0.03 to 1
- Assumed lump fines ratio of 50:50
- 2 year startup and 25 year life
- Simple crushing only preparation of the ore
- 110 tonne Category 10 on highway truck transport of the ore from the mine to Port Hedland

Key aspects of the study include:

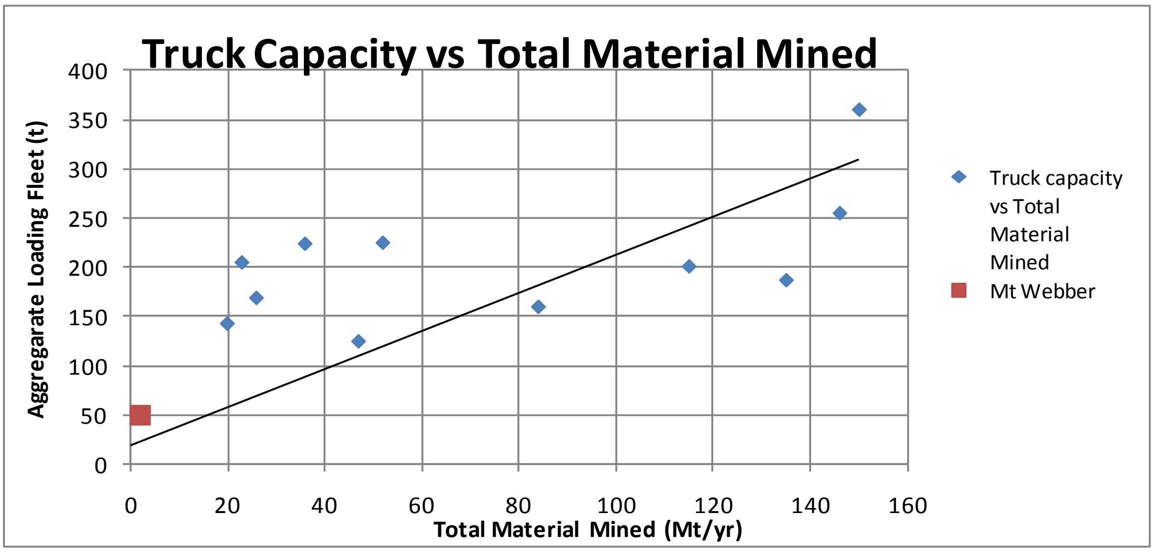
- Simple project plan i.e. low tonnage, simple crushing only preparation of ore and quick startup, this project is at the small scale end of iron ore projects

Figure 10 Daltons-Mt Webber Project Mineral Inventory versus Mining Rate



- Capital Expenditure of $115M with the following key components: Mining equipment $13.6M, Crushing and Screening $3.4M, Storage and Dispatch $3.1M, Export facilities (road haulage) $35.0M, Plant Infrastructure $4.9M, General Infrastructure $15.9M and Indirects including EPCM, Capital Spares etc and Owners costs of $19.8M plus a contingency of $19.3M. Note this Capital expenditure is lower than the proposed McPhee Creek project even though they are the same size, key areas of difference are Mining $4.5M (1 additional 50T truck at McPhee Ck). Crushing and Screening $2.4M (same equipment), road haulage $-3.5M
- Equipment chosen for the project are small and limited in number due to the small scale of the operation and is reasonable when compared to current practices (refer Figure below)

Figure 11 Daltons-Mt Webber Project Mining Equipment Suitability



- Note that limited testing has been undertaken to support the assumed lump fines ratio of 50:50, as such a 100% fines assumption would have been considered more conservative.

- Mining and Operating costs developed for the study are reasonable and similar to other iron ore projects. Note that the higher costs typically associated with small equipment is offset by the short haulage distance achievable with the mobile crushing and screening equipment being proposed for the project and negligible waste movement.

Figure 12 Daltons-Mt Webber Project Mining Cost Comparison

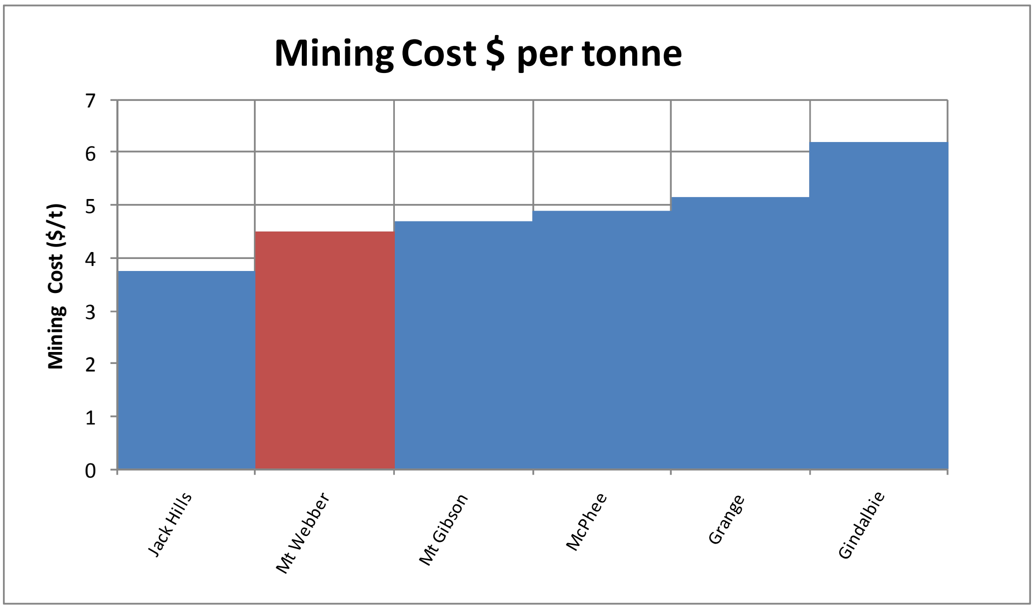
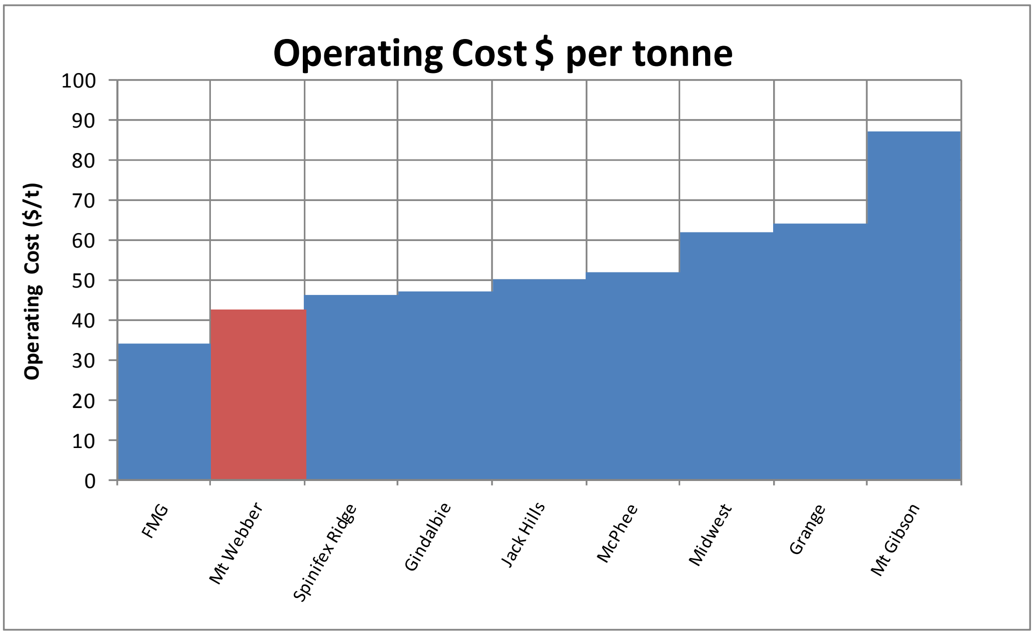
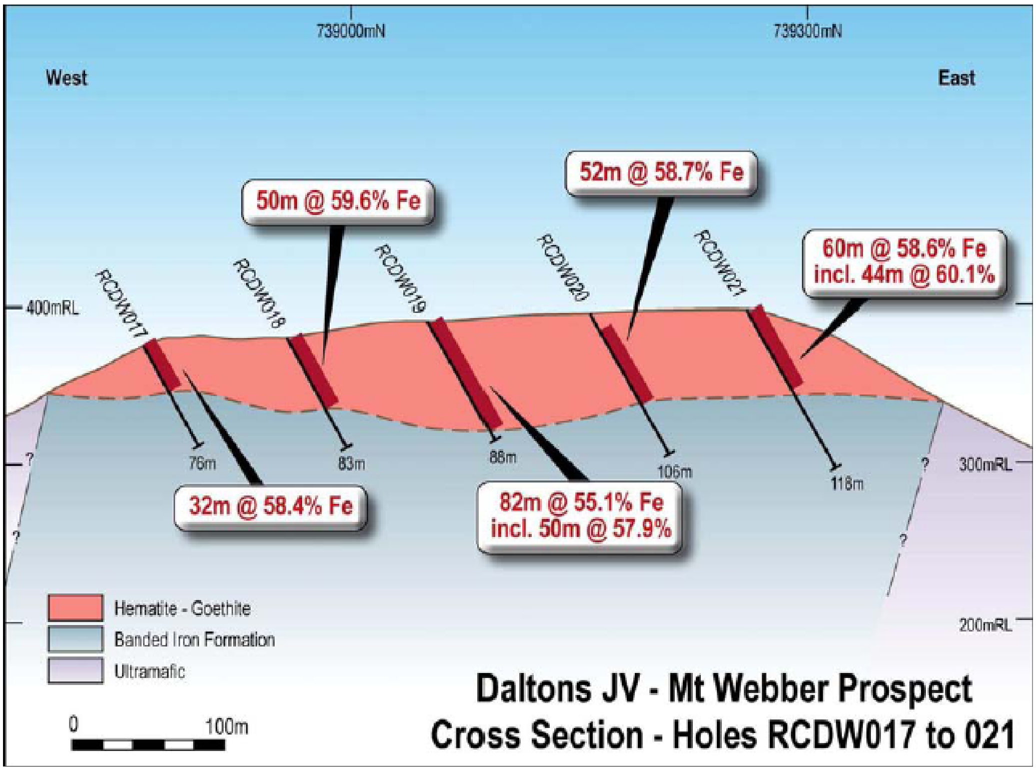


Figure 13 Daltons-Mt Webber Project Operating Cost Comparison



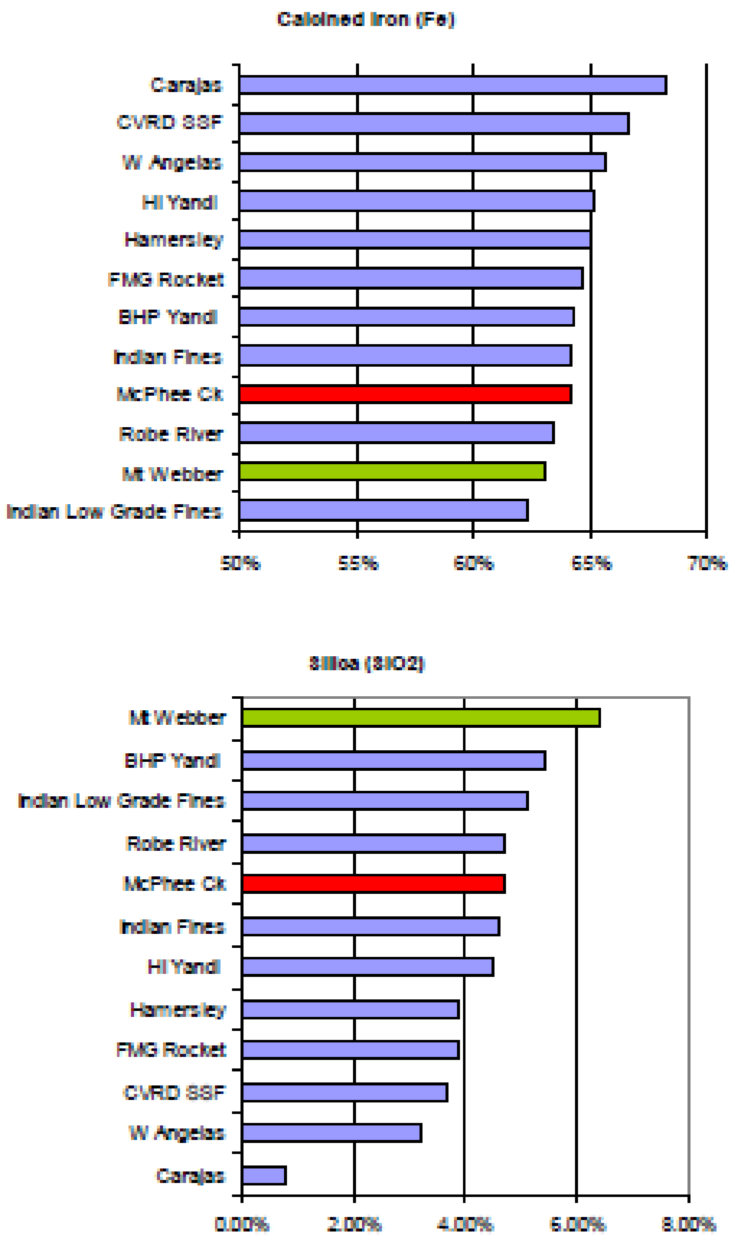
- Note that the current resource of 35.1 Mt does not adequately cover the proposed mining schedule (i.e. 2Mt ore per year for 25 years requiring 50Mt ore).
- The assumed strip ratio of 0.03 to 1 is considered reasonable given the geology (i.e. resource located at surface atop a hill, Refer Figure below)

Figure 14 Daltons-Mt Webber Project Typical Geology



- The proposed McPhee Creek ore quality is lower with respect to Calcined iron and higher with respect to Silica than most other iron ore producers currently operating (Refer Figure below).

Figure 15 Daltons-Mt Webber Project Ore Quality Comparison



- Key operating cost is the truck haulage of ore 220km to Port Headland, this is approximately 47% of the total operating cost and is based on an approximate $0.09/tkm which is at the lower end of industry range and lower than the $0.11/tkm used in the 2010 McPhee Creek Scoping Study.

The author believes this study has achieved its objective (i.e. are the basis for determining whether or not to proceed forward with an exploration program, and more detailed engineering work) that further work is warranted. Although over 80% of the mineral resources are now in the Indicated category, at the time the Scoping Study was completed, the majority of the resource was in the lower level of confidence Inferred category. Furthermore this study has done little to reduce the development risk associated with the project.

Key risks in decreasing order are:

- Port access (Note that obtaining port access would make the project feasible and would significantly increase the value of this project)
- Transport options (not sure if base case i.e. trucks on public road is really feasible given current high levels of traffic)
- OPEX and CAPEX Costs (key driver transport and port)
- Revenue (Assumption is reasonable but question is, is anyone likely to buy this lower quality ore and for how much of a discount)

6. YERECOIN MAGNETITE IRON PROJECT, NEW NORCIA, WESTERN AUSTRALIA

6.1 Introduction and Location

The Yerecoin Project is located approximately 150km north east of Perth and lies within the Jimperding Metamorphic Belt, South West Gneiss Terrane of Western Australia. The project straddles the Toodyay to Yerecoin road and rail line and is situated on the Moora 1:250 000 and 1:100 000 geological map sheets, SH50-10 and 2136 respectively. The Yerecoin Project consists of two exploration licenses with an area of $114km^2$ and one pending exploration license. The two exploration licenses have been granted iron ore rights.The tenement details are listed in Table 25.

6.2 Geology and Mineralisation

The project overlies rocks of the Jimperding Metamorphic Belt which is margined by migmatites and enclosed by texturally variable granitoids. The main sedimentary lithology exposed in the metamorphic belt is layered quartz-feldspar-biotite gneiss (commonly of sedimentary origin). The Jimperding Belt is characterized by the association of Banded Iron Formation (BIF), quartzite, biotite schist, garnet-biotite schist and quartz-feldspar-biotite-(garnet) gneiss – indicating shelf sedimentation on a stable sialic basement. Quartzite occurs in massive to flaggy bands and comprises interlocking grains of quartz with minor amounts of muscovite, chrome muscovite, feldspar, sillimanite or garnet. Amphibolites, mafic granulites and thin ultramafic units are commonly found adjacent to the banded iron formations probably representing thin mafic and ultramafic intrusives. Minor outcrops of variolitic basalt have been observed within the sequence often adjacent to the BIF units.

6.3 Current Exploration

6.3.1 Exploration licence - E70/2733

2009

Exploration comprised the drilling of twenty-three angled (-60^0) holes for a total of 2,043.5m; RC holes – 21/1524m (RCY001, 003, Y005-016, Y018-023)and DD Holes – 2/519.49m (RDY002, RDY004 and RDY017) the collection of thirteen (13) rock chip samples (Y003-Y006, Y020-025, Y029-031) and metallurgical test work on sample YM001 201-215m (RDY002).

2010

During the 2010 reporting period exploration comprised the drilling of thirty-two angled (-60^0) holes for a total of 4,172.29m; RC holes – 18 holes / 1,909m, DD Holes – 3 holes / 730.29m core and 288m RC and Metallurgical test work on sample YM002 (RDY025 and RDY048).

6.3.2 Exploration licence - E70/2784

2009 - Giralia Resources NL

Exploration was comprised of the collection of twenty-one rock chip samples (Y007-Y019, Y026-028, Y032-036) and 1,660 line km x 100m spacing of aeromagnetic surveying. A maximum iron result was recorded in Sample No. Y016 of 52.62% Fe from within a goethite/hematite (rare magnetite) oxidised BIF.

2010

The second phase of drilling on E70/2784, Calingiri was completed in March 2010. DTR (Davis Tube Magnetic Recovery) analyses were performed on selected magnetic material. In total thirty-five RC holes angled (-60^0) – RCY030-040, 055-068, 070, 072-080; and three DD holes angled (-60^0) - RDY041, 069, 071 were drilled for 4,319m and 591.39m NQ2 Q Core and 267.7m RC respectively. Drill holes were designed to test magnetic anomalies coincident with BIF outcrops in potential areas previously untested. Magnetite BIF was intersected in the majority of the holes drilled. Selected samples of pyritic silicified gneissic sediments were analysed for gold and base metals – no significant gold results were recorded.

A substantial mineralisation zone was defined in the southern segment of the tenement during this program: crescent shaped NE-SW → EW mineralisation zone approximately 1500m long with a thickness between 30 to 70m; open to the NE and to the west. Intrusions of granite appear to have assimilated mineralisation in a few zones and thus boundaries are sharp at these contacts.

6.4 Project Potential and Mineral Resource Estimate

The Yerecoin Iron Project can be classified as a ‘Pre-Development Project’ mineral asset where a Mineral Resource has been estimated and initial assessment at an early, scoping level stage has been undertaken. The commodity item of interest for exploration is primarily magnetite iron mineralisation in the Perth region. A Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has been reported as below. Ravensgate considers the project is of merit and worthy of further assessment towards mine development. Ravensgate has reviewed information relating to construction of the block model estimate and the Mineral Resource classification. Ravensgate is satisfied that on limited review the tabled tonnes and grade by resource category are reasonable for use for the purposes of this report.

Table 7 July 2010 Yerecoin Magnetite Iron Mineral Resource Estimate (Louw, 2010d,e).

Deposit Cut-off Grade	Category	Tonnes (Mt)	Head	DTR	Cons	Cons	Cons	Cons
			Fe %	Wt Rec %	Fe %	SiO_2 %	Al_2O_3 %	P %
North	Inferred	153.4	31.1	34.3	70.6	1.7	0.3	0.003
South	Inferred	33.3	29.6	26.2	68.0	3.7	0.7	0.007
Combined	Inferred	186.8	30.9	32.8	70.1	2.1	0.4	0.004

Note Competent Person statements and consent are listed in Section 3.5.

Louw (2010d,2010e) for CSA Global Pty Ltd (CSA) noted 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% Davis Tube Recovery (DTR) Weight Recovery. DTR grind size approximately 95% passing 75 microns. Differences may occur due to rounding. Drilling has shown the magnetite BIFs vary in thickness from 10’s of metres to up to 120m wide (RDY048). The BIF packages dip around 70 degrees to the east in the NNW trending BIF zone in the northwest area of the resource. In the north zone the BIF trends east west and dips shallowly to the south at around 45 degrees. The eastern zone dips at around 60 degrees to the SE, while in the southern area the BIF packages generally dip steeply to the east.

6.4.1 Model Estimate Review

Ravensgate undertook a brief review of the project data available for the Yerecoin Magnetite Iron Project as supplied by CSA Global Pty Ltd (CSA). The data was loaded to MineSight software for the review. The data specifically reviewed in detail was the drilling data as well as the resource model wire-frames as constructed by CSA. The Yerecoin Project resource block modelling has been undertaken using a total of ~82 Drill-holes (including 9 diamond holes) drilled on a 200x50m or wider grid pattern. Most sample intervals were variable from 2m but more typically 4m in length and analysed for Fe, including a suite of other ancillary elements:- SiO_2, Al_2O_3 & P. CSA has carried out mineralization wire-framing on a cross-sectional basis using a nominal ~20% Fe lower cut-off and has elected to model mineralization domains with 'minimum widths' of approximately 2-4m. A set of 2 mineralization group areas have also been employed to assist with optimal block model interpolation. The Northern Zones have the higher overall contained Fe grades. At least 6 mineralization orientation sub-domains have also been employed to assist with optimal block model interpolation.

Ravensgate has reviewed the resource modelling work carried out by CSA for the Yerecoin Magnetite Iron Project area and has made the following observations regarding the current status of the Yerecoin Project.

1. Drilling – It is Ravensgate's opinion after reviewing the CSA that the current drill density is sufficient to assume mineralization continuity sufficient for the estimation of Inferred Mineralized Resources only. In-fill drilling is required to assist up-grading of resource reporting in the future at many locations along the relatively complex mineralized magnetite hosting structures.

- Bulk Density – It is Ravensgate's opinion after reviewing the CSA modelling work that more bulk density determination will be most useful for ongoing work particularly within the known different material types including weathered and un-weathered zones. The addition of some more diamond drill-holes will be one of the most effective ways of achieving this.

Overall Ravensgate considered the resource modelling work carried out by CSA at Yerecoin Project to be adequate for this stage of the project development.

6.5 Technical Project Review

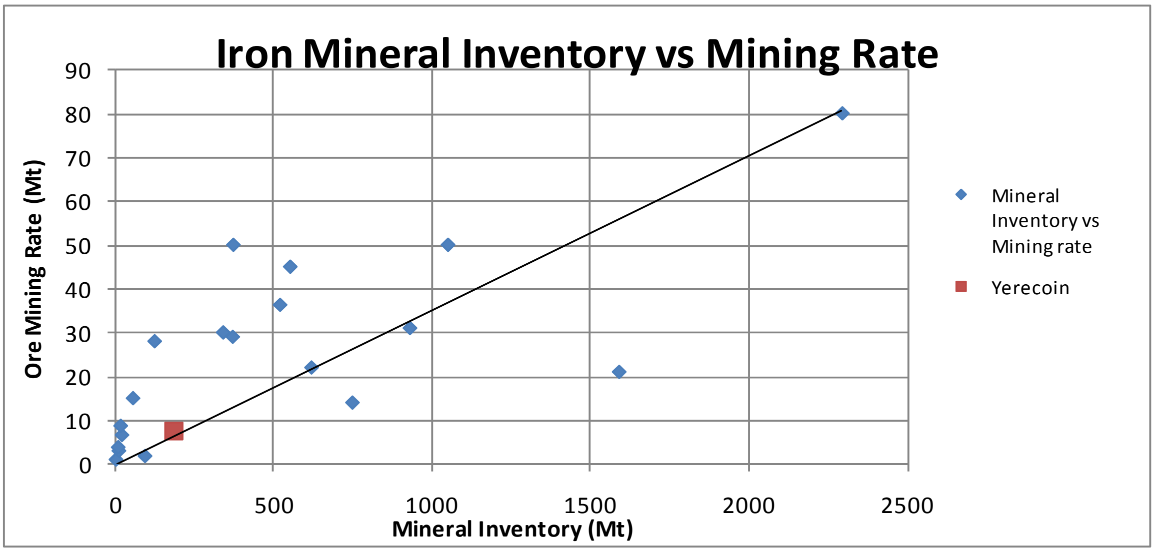
Giralia commissioned ProMet Engineering to undertake a Scoping level study for the Yerecoin resource in early 2010. This study evaluated a 2.5Mt per year of concentrate project with the base case assuming rail haulage of the ore from the site to port facilities approximately 209km away near Kwinana. The scoping study was based on a number of key assumptions and returned a positive NPV for the project of $47M at 8% discount rate (real) and IRR of 11.4% with a capital expenditure of $415M, average operating cost of $58.02 (export and HIsmelt) per tonne and an assumed revenue of $90.69 per tonne. Key assumptions for the project included:

- Strip ratio assumed at 1 tonne of waste per tonne of ore (Approximate total material movement is 15M tonnes per year).
- 32.8% plant weight recovery (Dec 2010 presentation) of ore via magnetic separation producing 2.5Mt per year concentrate
- 3 year startup and 25 year life
- Rail haulage to Kwinana on existing narrow gauge line
- Government upgrades the rail line at an estimated cost of $68M
- Approximately ½ of the concentrate is sold to HIsmelt which is currently not operational (which reduces the operating costs by approx. $3.50 or 5%)
- Revenue of $90.69/tonne with 1.3Mt per year exported and 1.2Mt per year sold to HIsmelt.

Key aspects of the study include:

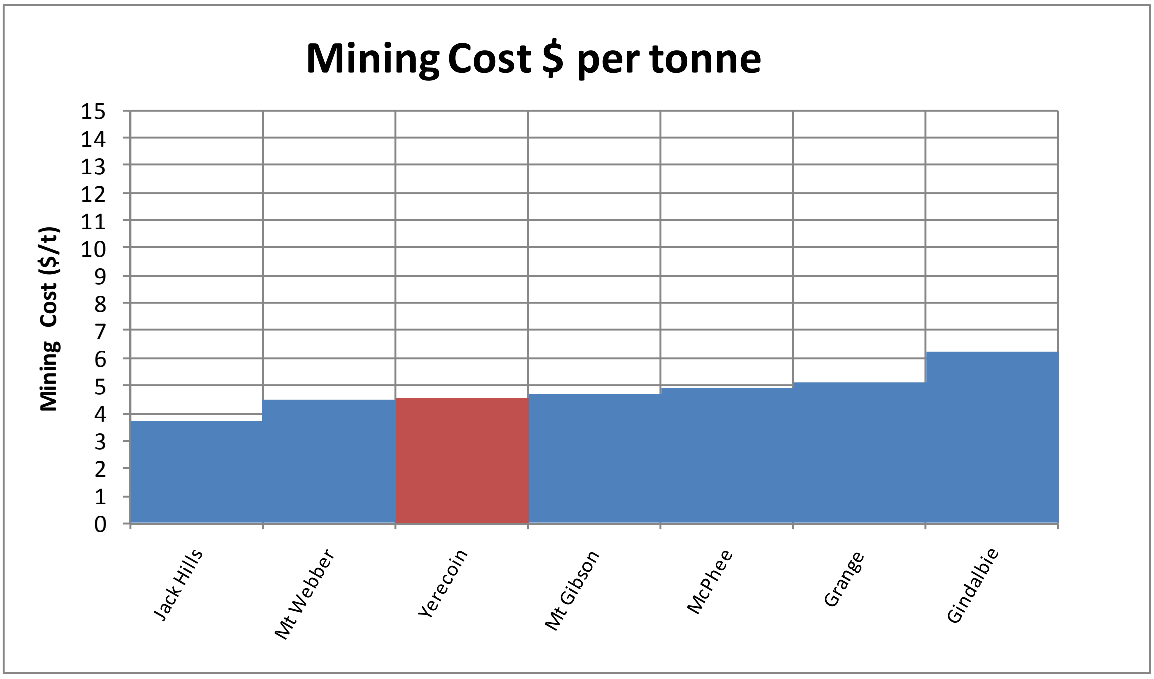
- Complex project plan i.e. significant tonnage operation(~15Mt per year total material movement), processing of ore to produce concentrate including crushing, high pressure grinding, and magnetic separation 3 year startup, this project is still relatively small when compared to other iron ore projects. Note that the figure below for comparison purposes, presents the Yerecoin proposed project ore mining rate versus mineral inventory along with similar data for a number of mainly current iron ore operations, as such the mineral inventory for these is typically the published JORC compliant Reserve.

Figure 16 Yerecoin Project Mineral Inventory versus Mining Rate



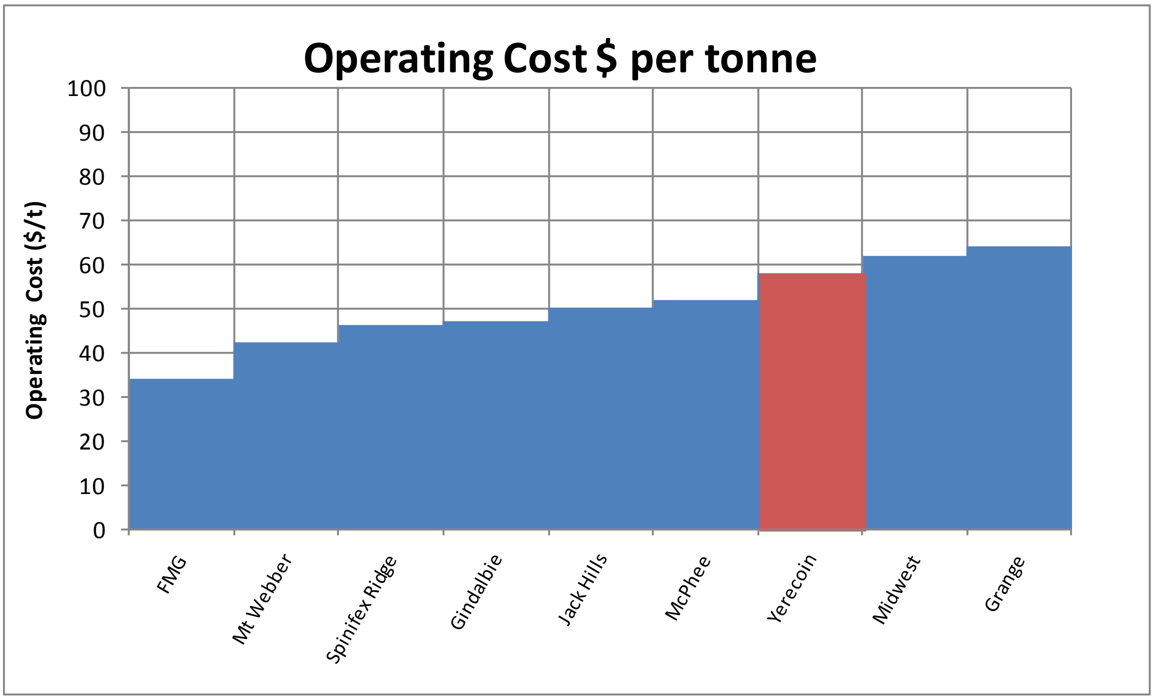
- Mining costs per tonne of ore developed for this study appear reasonable compared to direct ship iron ore projects (including Daltons-Mt Webber and McPhee Creek).

Figure 17 Yerecoin Project Mining Cost Comparison



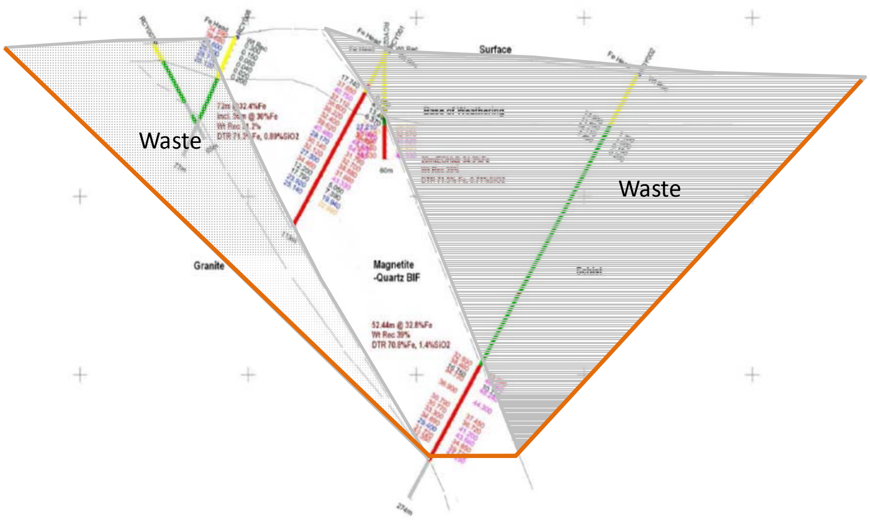
- Operating costs per tonne ore developed for the study are reasonable when compared to other iron ore projects (including Daltons-Mt Webber and McPhee Creek). This is likely due to a number of factors including the reasonably low processing costs at $19.22 per tonne concentrate and the low rail costs of $14.20 per tonne concentrate. Note that the operating cost per tonne of concentrate quoted in the Scoping study has been factored by recovery to allow presentation of operating cost per tonne of ore.

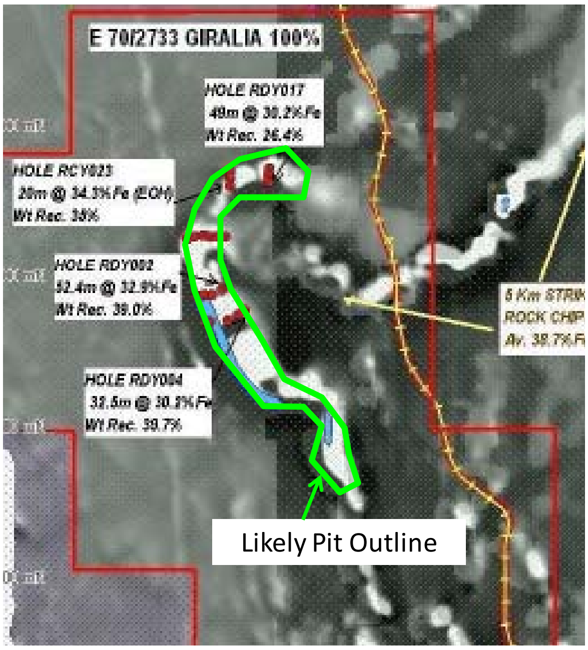
Figure 18 Daltons-Mt Webber Project Operating Cost Comparison



- Note that the current resources of 185 Mt does not adequately cover the proposed mining schedule (i.e. 2.5Mt concentrate per year for 25 years at 32.8% recovery requiring 190.5Mt ore).
- The assumed strip ratio of 1 tonne of waste per tonne of ore is considered very low given the moderately to steep dipping geology and the complex folded outcrop line (Refer Figure below).

Figure 19 Yerecoin Project Geology Section and Plan View





The author believes this study has achieved its objective (i.e. are the basis for determining whether or not to proceed forward with an exploration program, and more detailed engineering work) that further work is warranted. Furthermore this study has done little to reduce the development risk associated with the project, therefore using a DCF and calculated project NPV as a determination of value is not suitable.

Key risks in decreasing order are:

- Rail Upgrade by Government (else additional capital cost of $68M)
- HIsmelt startup and ore purchase (HIsmelt not currently operating)
- Mine Approval (Will a mine be approved in this new mining area)
- Kwinana Port development/upgrade and cost
- OPEX and CAPEX Costs (key drivers are concentrator and rail)

7. WESTERN CREEK IRON ORE PROJECT, NEWMAN, WESTERN AUSTRALIA

7.1 Introduction and Location

The Western Creek Project is located approximately 10 kilometres west of the town of Newman in the Pilbara Region of Western Australia. The Western Creek Project is comprised of seven exploration licenses with a total area of 312km^2. Four of the exploration licenses have been granted iron ore rights. The tenement details are listed in Table 25.

7.2 Project Potential and Mineral Resource Estimate

The Western Creek Iron Project can be classified as an 'Advanced Exploration Area' mineral asset where a Mineral Resource has been estimated. The commodity item of interest for exploration is primarily goethite-hematite iron mineralisation of the Marra Mamba Formation in the Pilbara region. A Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has been reported as below. Ravensgate considers the project is of merit and worthy of further exploration and studies. Ravensgate has reviewed information relating to construction of the block model estimate and the Mineral Resource classification. Ravensgate is satisfied that on limited review the tabled tonnes and grade by resource category are reasonable for use for the purposes of this report.

Table 8 November 2009 Western Creek Iron Mineral Resource Estimate (Louw, 2009a)

Deposit	Category	Tonnes (Mt)	Grade at FE > 50 %					
			Fe %	P %	SiO_2 %	Al_2O_3 %	LOI %	S %
South Zone	Inferred	20.6	58.0	0.07	5.3	3.0	8.7	0.08
North Zone	Inferred	28.6	56.1	0.06	6.5	3.8	9.3	0.08
Marra Mamba DSO Total		**49.2**	**56.9**	**0.06**	**6.0**	**3.5**	**9.1**	**0.08**
Detrital Zones	Inferred	3.2	54.1	0.04	8.9	6.5	5.6	0.05
Mineralised Detrital Total		**3.2**	**54.1**	**0.04**	**8.9**	**6.5**	**5.6**	**0.05**

Note Competent Person statements and consent are listed in Section 3.5.

Louw, 2009a for CSA Global Pty Ltd (CSA) noted the Mineral Resource was estimated within constraining wireframe surfaces based on a nominal lower cut-off grade of 50% Fe. The resource is quoted from blocks above the specified cut-off grade of 50% Fe. Differences may occur due to rounding. The mineralised surfaces are based on a nominal 50% Fe cut-off grade for the primary Marra Mamba formation DSO and partially overlying mineralised detrital material.

8. ANTHIBY WELL IRON ORE PROJECT, PARABURDOO, WESTERN AUSTRALIA

8.1 Introduction and Location

The Anthiby Well Project is located along the northern margin of the Ashburton Basin 120 km WNW of Paraburdoo and is located on the Wyloo SF 50-10, 1: 250,000 and Hardey 2252 1:100,000 Geological Map Sheets respectively. The Nanutarra to Wittenoom Highway runs through the length of the project area. The project covers a portion of the Cheela Plains Pastoral Lease. Access is afforded by way of the sealed Nanutarra-Paraburdoo Road, the Ashburton Downs Road, the Goldfields Gas Pipeline access track, Hamersley Iron site roads and station/exploration tracks. Paraburdoo is the principal commercial and logistical centre for the region. The project consists of four exploration licenses and two prospecting licenses with a total area of $238km^2$. Two of the exploration licenses and two of the prospecting licenses have been granted iron ore rights. The tenement details are listed in Table 25. The Pinikura (PKKP) are the native title claimants over the area of tenure, application was made to the PKKP claimants and approval for Giralia's recent drill program was granted.

8.2 Project Potential and Mineral Resource Estimate

The Anthiby Well Iron Project can be classified as an 'Advanced Exploration Area' mineral asset where a Mineral Resource has been estimated. The commodity item of interest for exploration is primarily Channel Iron Deposit (CID) iron mineralisation in the Pilbara region. A Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has been reported as below. Ravensgate considers the project is of merit and worthy of further exploration and studies. Ravensgate has reviewed information relating to construction of the block model estimate and the Mineral Resource classification. Ravensgate is satisfied that on limited review the tabled tonnes and grade by resource category are reasonable for use for the purposes of this report.

Table 9 December 2009 Anthiby Well CID Mineral Resource Estimate (Louw, 2009b)

Anthiby Well Channel Iron Deposits (CID)									
Deposit	**Category**	**Tonnes (Mt)**	**Grade at FE >=50 %**						
			Fe %	**P %**	**SiO_2 %**	**Al_2O_3 %**	**LOI %**	**S %**	**CFE %**
Eastern Mesas	Inferred	12.2	52.8	0.03	9.5	4.5	8.7	0.02	57.8
Western Mesas	Inferred	25.4	54.0	0.04	6.5	5.0	9.6	0.02	59.7
Total CID	**Inferred**	**37.6**	**53.6**	**0.04**	**7.5**	**4.8**	**9.3**	**0.02**	**59.1**
Anthiby Well Siliceous Channel Iron Deposits (SCID)									
Deposit	**Category**	**Tonnes (Mt)**	**FE Grade Cut-off>=40 % <50 %**						
			Fe %	**P %**	**SiO_2 %**	**Al_2O_3 %**	**LOI %**	**S %**	**CFE %**
Total SCID	Inferred	25.9	45.9	0.03	14.4	7.2	10.2	0.01	51.1
Anthiby Well Combined CID and SCID									
Deposit	**Category**	**Tonnes (Mt)**	**FE Grade Cut-off>=40 % <50 %**						
			Fe %	**P %**	**SiO_2 %**	**Al_2O_3 %**	**LOI %**	**S %**	**CFE %**
>=50% Fe CID	**Inferred**	37.6	53.6	0.04	7.5	4.8	9.3	0.02	59.1
40%-50% Fe SCID	**Inferred**	25.9	45.9	0.03	14.4	7.2	10.2	0.01	51.1
Combined Total	**Inferred**	**63.5**	**50.5**	**0.03**	**10.3**	**5.8**	**9.6**	**0.02**	**55.8**

Note Competent Person statements and consent are listed in Section 3.5.

Louw, 2009b for CSA Global Pty Ltd (CSA) noted the Mineral Resource was estimated within constraining wireframe solids based on a nominal lower cut-off grade of 50% Fe for CID and a nominal lower cut-off grade of 40% Fe for SCID. The resource is quoted from blocks above the specified cut-off grade of 50% Fe for CID and above the specified cut-off grade of 40% Fe for SCID. Differences may occur due to rounding. The modelled deposits consist of mesa top pisolitic iron ore mineralisation (CID) based on a nominal 50% Fe cut-off grade. The CID mineralisation is roughly enveloped by a lower Fe, higher Silica zone known in-house as a Siliceous Channel Iron Deposit (SCID), defined by a nominal 40% Fe cut-off grade.

9. EARAHEEDY IRON ORE PROJECT, MEEKATHARRA, WESTERN AUSTRALIA

9.1 Introduction and Location

The Earaheedy Project is located in a region of major thrust repetition and folding of iron formations of Frere Formation in the Miss Fairbairn Hills area on the Nabberu 1:250,000 sheet. The project is located approximately 200km by road NNE of the town of Meekatharra east of Ned's Creek Station and is accessed by gravel road and station tracks from the Great Northern Highway. The Earaheedy Project consists of four exploration licenses with an area of 577km^2 and one exploration license application. Three of the exploration licenses have been granted iron exploration rights. The tenement details are listed in Table 25. In January 2006 and February 2006 Giralia Resources NL signed a Standard Regional Heritage Agreement with the Registered Claimants (Birriliburu) of WC 98/068 Native Title Claim covering E69/1768 and Registered Claimants (Gingirana) of WC 03/002 Native Title Claim covering E69/2072. A Heritage Survey was conducted with the Gingirana Native Title Claimants in July 2009. The construction of access tracks and drilling proceeded after approval of Native Vegetation Clearing and PoW applications.

9.2 Project Potential

The Earaheedy Iron Project can be classified as an 'Exploration Area' mineral asset where low-grade areas of exploration interest and have been outlined but significant and coherent mineralisation intersections and volumes have yet to be identified. The commodity item of interest for exploration is primarily iron mineralisation in the Mid-West region. A reported Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has not been defined for the project. Thick, low-grade, shallow-dipping sheets of bedded hematitic iron formation and shale have been identified from recent drilling. Additional drilling on pisolitic and pelletal hematitic gravels flanking the hills of hematite outcrop was completed in early 2008. Ravensgate considers the project is of merit and worthy of further exploration. The project is ranked at an early stage with further exploration and beneficiation testwork to be undertaken to investigate the mineralisation prospectivity.

10. BEEBYN IRON ORE PROJECT, MEEKATHARRA, WESTERN AUSTRALIA

10.1 Introduction and Location

The Beebyn Project is located in the Archaean Meekatharra-Wydgee greenstone belt of the Murchison Province of Western Australia on the Belele SG50-11 and Cue SG50-15 1:250K and Madoonga 2444 and Cue 2443 1:100K geological map sheets. The project area is situated approximately 30km by road NNW of the town of Cue on Beebyn Station and is accessed by gravel road and station tracks from the Great Northern Highway. The Beebyn Project consists of five exploration licenses with a total area of 309km^2. Two of the exploration licenses have been granted iron ore rights. The tenement details are listed in Table 25.

10.2 Project Potential and Mineral Resource Estimate

The Beebyn Iron Project can be classified as an 'Advanced Exploration Area' mineral asset where a Mineral Resource has been estimated. The commodity item of interest for exploration is primarily hematite-goethite Banded Iron Formation (BIF) iron mineralisation in the Mid West region. A Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has been reported as below. Ravensgate considers the project is of merit and worthy of further exploration and studies. Ravensgate has reviewed information relating to construction of the block model estimate and the Mineral Resource classification. Ravensgate is satisfied that on limited review the tabled tonnes and grade by resource category are reasonable for use for the purposes of this report.

Table 10 December 2009 Beebyn Hematite Mineral Resource Estimate (Hewlett, 2007)								
Category	Zone	Tonnes (Mt)	Fe %	SiO_2 %	P %	Al_2O_3 %	S %	LOI
Inferred	W 24	1.956	55.8	8.6	0.085	4.83	0.014	6.29
Inferred	W 24N	0.345	53.7	9.8	0.061	6.91	0.007	5.91
Inferred	W 22	3.796	57.6	8.8	0.063	2.55	0.02	4.82
Inferred	W 23	1.102	59.3	8.2	0.096	1.39	0.008	4.59
Total		7.174	57.2	8.7	0.074	3.20	0.016	5.24

Note Competent Person statements and consent are listed in Section 3.5.

Hewlett, 2007 for CSA Global Pty Ltd (CSA) noted the Mineral Resource was estimated within a constraining wireframe based upon a lower-cut-off grade of 50% iron. The deposit comprises four iron enriched zones dipping almost vertically and trending NE-SW. Zones W22, W23 and W24 are in general alignement whilst zone W24N is off set to the north of the main trend due to a north-north west trending fault.

11. LAKE FROME URANIUM PROJECT, LAKE FROME, SOUTH AUSTRALIA

11.1 Introduction and Location

The Lake Frome Project is located in South Australia approximately 110km ENE of Leigh Creek. The Lake Frome Project is comprised of two exploration licenses with an area of 2,097km^2. The tenement details are listed in Table 25. Giralia holds a 25% interest in the Lake Frome Project free carried to completion of a feasibility Study, while the other 75% is held by Heathgate Resources Pty Ltd.

11.2 Project Potential

The Lake Frome Project can be classified as an ‘Exploration Area’ mineral asset where areas of exploration interest for uranium have been outlined but significant and coherent mineralisation intersections and volumes have yet to be identified. The commodity item of interest for exploration is primarily uranium mineralisation and the Joint Venture tenements are located adjacent to the operating Beverley in-situ leach uranium mine. The tenements cover around 45 kilometres of strike of the roll-front range north and south of the new Beverley Four Mile discovery. Ravensgate notes a reported Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has not been defined for the project. Ravensgate considers the Lake Frome project is of merit and worthy of further exploration however notes the project is at an early stage of exploration with noteworthy uranium drill intersections identified.

12. SNAKE WELL GOLD PROJECT AND SNAKE WELL - CONQUISTADOR BASE METALS PROJECT, WEST MURCHISON, WESTERN AUSTRALIA

12.1 Introduction and Location

The Snake Well Gold Project is located in the Tallering Greenstone Belt, Murchison Province, Western Australia. The project is located approximately 450 kilometres north of Perth and covers portions of the Tallering and Yuin Pastoral Leases in the Mullewa Shire within the Yalgoo Mineral Field. Access to the Project area is by way of station tracks and fence lines from the Berringa - Pindar Road. The project is comprised of a number of granted tenements with a combined area of 469.58km^2 (Snake Well Gold Project). The Snake Well – Conquistador Base Metals Joint Venture Project is comprised of almost the same area (469.12km^2). Essentially

Giralia hold gold rights over the tenements while a Joint Venture with Giralia holds base metal rights. The tenement details are listed in Table 25.

12.2 Project Potential and Mineral Resource Estimate

12.2.1 Snake Well Gold Project

The Snake Well Gold Project can be classified as an 'Advanced Exploration Area' to 'Pre-Development Project' mineral asset where a Mineral Resource has been estimated (Table 11). In addition preliminary operating mine cost assessments have been carried out. The Mineral Resource estimate contains material dominantly in the relatively higher Indicated category of geological confidence (1.9Mt @ 1.9g/t Au for 116 koz) and also some material in the Inferred category of lower geological confidence (0.9Mt @ 1.6g/t Au for 48 koz). The commodity item of interest for exploration is primarily gold mineralisation in the West Murchison region. Ravensgate considers the project is of merit and worthy of further exploration and studies. Ravensgate has reviewed information relating to construction of the block model estimate and the Mineral Resource classification. Ravensgate is satisfied that on limited review the tabled tonnes and grade by resource category are reasonable for use for the purposes of this report.

Table 11 Snake Well Project – Mineral Resources (Giralia, 2010a)

Deposit	Cut Off	INDICATED		INFERRED		TOTAL	
		Tonnes	Au (g/t) Cut	Tonnes	Au (g/t) Cut	Tonnes	Au (g/t) Cut
A-zone	0.5	770,000	2.0	25,000	1.9	795,000	2.0
Mixy	1.0	550,000	2.79	70,000	2.58	620,000	2.77
Calisi 1	0.5	-	-	220,000	2.1	220,000	2.1
Calisi 2	0.5	-	-	165,000	1.7	165,000	1.7
Royal Standard	1.0	-	-	35,000	4.3	35,000	4.3
Total Lodes						1,834,000	2.3
Laterites							
Lop	0.5	460,000	0.9	-	-	460,000	0.9
Buckshot	0.5	150,000	0.8	-	-	150,000	0.8
Warren	0.5	-	-	130,000	0.9	130,000	0.9
Asp	0.5	-	-	200,000	0.9	200,000	0.9
1080	0.5	-	-	95,000	0.8	95,000	0.8
Total Laterites						1,035,000	0.9

Note: Tonnages, grades, and ounces rounded. Note Competent Person statements and consent are listed in Section 3.5.

Mafic rocks host the major Rabbit Well anomaly in the south of the project area which hosts gold mineralisation associated with shearing, porphyry intrusives and quartz veining (Mixy and Calisi lodes), along with widespread gold in near surface lateritic gravels (Lop, Buckshot, Warren and 1080 deposits). The Asp anomaly, 6 kilometres west of Rabbit Well, also hosts shallow lateritic mineralisation and lode targets. A felsic sequence in the north of the greenstone belt at Snake Well hosts a gold resource with copper lead zinc and silver credits (A-Zone), and the Conquistador, Constrictor and Rabbit North prospects (Giralia, 2009a).

12.2.2 Snake Well – Conquistador Base Metals Project

In mid-2007 Zinc Co Australia Limited agreed to a commodity specific farm-in initially restricted to non-gold rights in the western portion of tenement E59/467 covered by MLA 59/564 (Conquistador project). The farm-in arrangement was subsequently extended to cover the bulk of the Snake Well project, and gives Zinc Co rights to explore for and develop all commodities other than certain gold rights retained by Giralia. Giralia continues to conduct gold exploration programs. The Conquistador zinc 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. The JV area now covers 50 strike kilometres of volcanic rocks in the Tallering Greenstone Belt. These rocks are prospective for volcanic hosted massive sulphide (VHMS) deposits. Drilling has previously identified base metal mineralisation at the Conquistador and A Zone prospects.

The Snake Well - Conquistador Base Metals Project can be classified as an 'Exploration Area' mineral asset where areas of exploration interest and have been outlined but significant and coherent mineralisation intersections and volumes have yet to be identified. The commodity item of interest for exploration is primarily base metal (zinc-lead-silver) mineralisation. A reported Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has not been defined for the project. Ravensgate considers the project is of merit and worthy of further exploration however notes the project is at an early stage of exploration.

13. MUNRO BORE GOLD PROJECT, MURCHISON, WESTERN AUSTRALIA

13.1 Introduction and Location

The Munro Bore prospect (Munro North and Munro South) is located 55km south of Meekatharra. The project is located approximately 20 kilometres east of the Reedy Mining Centre and 70 kilometres north-east of Cue township, in the Murchison district of Western Australia. The project is comprised of a two tenements; E51/1063 with an area of 50km^2 and M51/338 which Giralia has sold in a cash deal plus production royalty.

13.2 Project Potential and Mineral Resource Estimate

The Munro Bore Gold Project can be classified as an 'Advanced Exploration Area' mineral asset where an Inferred Mineral Resource has been estimated (M51/338). The remainder of the Munro Bore Gold Project can be classified as an 'Exploration Area' mineral asset (E51/1063). The commodity item of interest for exploration is primarily gold mineralisation in the Murchison region. Ravensgate considers the project is of merit and worthy of further exploration and studies. Ravensgate has reviewed information relating to construction of the block model estimate and the Mineral Resource classification. Ravensgate is satisfied that on limited review the tabled tonnes and grade by resource category are reasonable for use for the purposes of this report.

Table 12 Munro Bore Project –Mineral Resources (Giralia, 2010a)

Deposit	Cut Off	INDICATED		INFERRED		TOTAL	
		Tonnes	Au (g/t) Cut	Tonnes	Au (g/t) Cut	Tonnes	Au (g/t) Cut
Munro North	1.0	-	-	119,000	1.9	119,000	1.9
Munro South	1.0	-	-	147,000	1.4	147,000	1.4
Total		-	-	266,000	1.6	266,000	1.6

Note compiled Mineral Resource ounces are 13,900. Note Competent Person statements and consent are listed in Section 3.5.

Mineralisation at both Munro North and south is thought to be a stockwork vein system hosted within a felsic volcanic sequence. The area is strongly weathered to depths of approximately 50 to 60 vertical metres. Vein orientations are poorly understood. Thus a broad moderate to low grade mineralised envelope was used to constrain the block models. Estimates were carried out using Micromine software. All data was validated and composited to standard 1-metre intervals, wireframes were then constructed to encompass the total mineralised envelope at both prospects. Subsequently the wireframes were block modelled and grade interpolated using ellipsoidal 2D Inverse Distance Weighting (ID2). A default SG of 2.4 is used throughout. Both deposits were block modelled to approximately 70 metres below surface, with an estimated depth of weathering to approximately 50-60 metres.

14. COOKES CREEK BASE METALS PROJECT, PILBARA, WESTERN AUSTRALIA

14.1 Introduction and Location

The Cookes Creek Base Metals Joint Venture Project is located in the Pilbara region of Western Australia. Hazelwood Resources Ltd (Hazelwood) is earning a 70% participating interest with Giralia free carried at 30% to 'decision to mine' in a large tenement area in the Pilbara region of WA. The Cookes Creek Base Metals Project consists of three granted and adjacent exploration licenses with a total area of 121km^2. Further tenement details are presented within Table 25.

14.2 Project Potential

The Cookes Creek Base Metals Project can be classified as an 'Exploration Area' mineral asset where areas of exploration interest and have been outlined but significant and coherent mineralisation intersections and volumes have yet to be identified. The commodity item of interest for exploration is primarily copper-zinc mineralisation. A reported Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has not been defined for the project. A number of geophysical conductor plate anomalies have been identified for further drilling with encouraging copper assay results recorded from recent drilling. Ravensgate considers the project is of merit and worthy of further exploration however notes the project is at an early stage of exploration.

15. BLUE ROSE - OLARY BASE METALS & URANIUM PROJECT, OLARY, SOUTH AUSTRALIA

15.1 Introduction and Location

The Olary project is located 300 kilometres north-east of Adelaide, and comprises two Exploration Licences EL3848 and EL3849 (formerly 2938 and 2939 respectively). This section is largely after Clifford, 2010. The tenements are located north and south of the Barrier Highway between the townships of Mannahill and Olary. The Blue Rose-Olary Base Metals and Uranium Project consists of two granted and separate exploration licenses as EL3848 (EL2938) and EL3849 (EL2939) with a total area of 1,080km^2. Further tenement details are presented within Table 25. The licences are subject to the Blue Rose Joint Venture whereby the manager, PacMag Metals Limited (PacMag), and Giralia are currently funding exploration activities according to their respective interests. On 3 February 2010, the JV partners 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^2 area covering the Blue Rose oxide copper deposit within the project, and the rights to mine and process all mineralisation extracted. 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 has secured an agreement with an Asian based investment group to provide funding to facilitate its iron ore strategy.

15.2 Project Potential

The Olary Uranium Project can be classified as an 'Exploration Area' mineral asset where areas of exploration interest for uranium have been outlined at Olary (EL 3849) but significant and coherent mineralisation intersections and volumes have yet to be identified. The Blue Rose Base Metal Project can be classified as an 'Advanced Exploration Area' mineral asset where coherent areas of exploration interest for copper-gold have been outlined at Blue Rose (EL 3848) and the mineralisation model is sufficiently well understood for further evaluating the mineral prospectivity of the tenement. This is reflected in the 2010 Blue Rose joint venture whereby Wasco Mining Pty Ltd will acquire the rights to mine the Blue Rose copper oxide deposit ($12km^2$). The commodity item of interest for exploration is primarily uranium (Olary) and copper-gold mineralisation (Blue Rose). The Blue Rose tenement is considered prospective for both oxide and sulphide copper-gold mineralisation. Ravensgate notes a reported Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has not been defined for the Olary or Blue Rose projects. Ravensgate considers the Olary project is of merit and worthy of further exploration however notes the project is at an early stage of exploration with anomalous surficial uranium identified. Ravensgate considers the Blue Rose project is of advanced merit where successful exploration has identified one deposit of mine development interest and remaining targets warrant further exploration work.

16. YUINMERY GOLD PROJECT, MUCHISION, WESTERN AUSTRALIA

16.1 Introduction and Location

The Yuinmery Gold project is located approximately 10 kilometres east of the historic Youanmi mine and approximately 500km northeast of Perth in the East Murchison Mineral Field of Western Australia. The Yuinmery Gold Project consists of three granted and adjacent exploration licences and two granted prospecting licences. The total tenement area of the project is $184km^2$. La Mancha Resources Australia Pty Ltd (formerly Mines and Resources Australia Pty Ltd) has advised that it wishes to divest its ~75% 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 La Mancha tenements. Further tenement details are presented within Table 25.

16.2 Project Potential

The Yuinmery Gold Project can be classified as an 'Exploration Area' mineral asset where areas of exploration interest have been outlined but significant and coherent mineralisation intersections and volumes have yet to be identified. The commodity item of interest for exploration is primarily gold mineralisation. A reported Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has not been defined for the project. Ravensgate considers the project is of merit and worthy of further exploration however notes the project is at an early stage of exploration.

17. KATHLEEN VALLEY AND MT HARRIS GOLD AND NICKEL PROJECT, KATHLEEN VALLEY, WESTERN AUSTRALIA

17.1 Introduction and Location

The Kathleen Valley and Mt Harris project is located approximately 5 kilometres north of the Cosmos nickel mine. The project lies within the Lawlers District of the East Murchison Mineral Field. The Kathleen Valley and Mt Harris Gold and Nickel Project consists of eleven granted mining licenses with a total area of 34.94km^2. Joint venture operator, Xstrata Nickel Australasia (formerly Jubilee Gold Mines), has earnt an 87% interest at the Kathleen Valley JV and ~ 74% interest at the Mt Harris JV. Xstrata is continuing to sole fund exploration with Giralia diluting. Further tenement details are presented within Table 25. Negotiations are currently being conducted with the local Aboriginal Heritage Groups to obtain approval to conduct drilling.

17.2 Project Potential

The Kathleen Valley and Mt Harris project can be classified as an 'Exploration Area' mineral asset where areas of exploration interest have been outlined but significant and coherent mineralisation intersections and volumes have yet to be identified. The commodity item of interest for exploration is primarily gold and nickel sulphide mineralisation. A reported Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has not been defined for the project. Several gold anomalies have been identified for follow-up exploration. Surface geophysics has identified weak anomalies which require more investigation and a moderate plate conductor has been identified at depth for drilling. The target would be nickel sulphides. Ravensgate considers the project is of merit and worthy of further exploration on the identified anomalies to date.

18. CORKTREE COPPER POJECT, WILUNA, WESTERN AUSTRALIA

18.1 Introduction and Location

The Corktree Copper Project occurs on the western edge of the Earaheedy Basin, Western Australia. Corktree is a joint venture with Giralia Resources NL whereby PacMag may earn up to a 75% interest (current Giralia interest 100% diluting to 49%). The Corktree Copper Project consists of two granted and contiguous exploration licenses E38/1430 and E38/1925. The total tenement area of the project is 196km^2. Further tenement details are presented within Table 25.

18.2 Project Potential

The Corktree Copper Project can be classified as an 'Exploration Area' mineral asset where areas of exploration interest have been outlined but significant and coherent mineralisation intersections and volumes have yet to be identified. The commodity item of interest for exploration is primarily copper mineralisation. A reported Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has not been defined for the project. Exploration has identified two immediate targets for follow up including the Corktree Well Prospect and the Merah Prospect (located 4.5 kilometres east of Corktree). At Corktree previous drilling identified extensive near surface copper mineralisation which remains open. At the newly defined Merah Prospect, recent surface geochemical sampling has returned anomalous copper results in a rock sequence equivalent to that hosting copper mineralisation at Corktree. The new zone of copper rich gossans and ironstones (results up to 0.3% copper) is hosted in carbonate rocks and although poorly exposed can be traced over a strike of 400m and a width of 5 to 40m. The newly identified zone strikes northwest and is orientated sub parallel to much of the previous drill lines, opening up the possibility that the previous drilling was not orientated correctly to intersect primary copper mineralised zones at Corktree. Ravensgate considers the project is of merit and worthy of further exploration however notes the project is at an early stage of exploration.

19. DIORITE HILL NICKEL PROJECT, LAVERTON, WESTERN AUSTRALIA

19.1 Introduction and Location

The Diorite Hill Project is located about 25km east of Laverton, within the Mt Margaret Mineral Field. Laverton is the closest provincial centre servicing the region. The project covers a portion of the eastern margin of the Laverton 1:250,000 geological map sheet (SH 52-1) and is located on the Burtville (3440) 1:100,000 map sheet centred on 122.66 degrees E, 28.55 degrees S. Access is facilitated via the unsealed Laverton – White Cliffs road which passes through the northern portion of the project area. Secondary access is provided by numerous historic tracks related to a disused timber rail network and cleared drill lines from previous exploration drilling activity by Coronet, Placer Dome and A1 Minerals. The Diorite Hill Project consists of two granted and contiguous exploration licenses E38/1430 and E38/1925 for 104km^2. Giralia Resources owns (100%) and manages the project. Further tenement details are presented within Table 25.

19.2 Project Potential

The Diorite Hill Nickel Project can be classified as an 'Exploration Area' mineral asset where areas of exploration interest have been outlined but significant and coherent mineralisation intersections and volumes have yet to be identified. The commodity item of interest for exploration is primarily nickel sulphide mineralisation. A reported Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has not been defined for the project. The majority of historical exploration is understood to have targeted Bushveld style platinum group element mineralisation within the Diorite Hill complex and little exploration has been undertaken to date for basal nickel sulphide deposits. Ravensgate considers the project is of merit and worthy of further exploration however notes the project is a very early stage.

20. MINOR WESTERN AUSTRALIAN PROJECTS

Giralia owns or has in joint venture a number of additional tenements which are considered minor by Giralia in terms of Giralia's exploration focus and in the context of the proportional valuation of Giralia's mineral assets. A list of the tenements and commodity of exploration interest is presented in Table 25 under Minor Projects. The projects are located nearby to Northam, Kalgoorlie or in the Pilbara region. The combined exploration area for the minor projects totals 2,081.48km^2 for thirty granted tenements. The Minor Projects can be classified as 'Exploration Area' mineral assets where areas of exploration interest have been outlined but significant and coherent mineralisation intersections and volumes have yet to be identified.

21. VALUATION

21.1 Introduction

There are a number of recognised methods used in valuing "mineral assets". The most appropriate application of these various methods depends on several factors, including the level of maturity of the mineral asset, and the quantity and type of information available in relation to the asset. All monetary values included in this report are expressed in Australian dollars (A$) unless otherwise stated.

The Valmin Code, which is binding upon "Experts" and "Specialists" involved in the valuation of mineral assets and mineral securities, classifies mineral assets in the following categories:

- Exploration Areas refer to properties where mineralisation may or may not have been identified, but where specifically a JORC compliant mineral resource has not been identified.
- Advanced Exploration Areas refer to properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by some form of detailed geological sampling. A JORC compliant mineral resource may or may not have been estimated but sufficient work will have been undertaken that provides a good understanding of mineralisation and that further work will elevate a prospect to the resource category. Ravensgate considers any identified Mineral Resources in this category would tend to be of relatively lower geological confidence.
- Pre-Development Projects are those where Mineral Resources have been identified and their extent estimated, but where a positive development decision has not been made. This includes projects at an early assessment stage, on care and maintenance or where a decision has been made not to proceed with immediate development.
- Development Projects refers to properties which have been committed to production, but which have not been commissioned or are not operating at design levels.
- Operating Mines are those mineral properties, which have been fully commissioned and are in production.

Various recognised valuation methods are designed to provide the most accurate estimate of the asset value in each of these categories of project maturity. In some instances, a particular mineral property or project may include assets that comprise one or more of these categories. When valuing Exploration Areas, and therefore by default where the potential is inherently more speculative than more advanced projects, the valuation is largely dependent on the informed, professional opinion of the valuer. There are a number of methods available to the valuer when appraising Exploration Areas.

The Multiple of Exploration Expenditure ("MEE") method can be used to derive project value, when recent exploration expenditure is known or can be reasonably estimated. This method involves applying a premium or discount to the exploration expenditure or Expenditure Base ("EB") through application of a Prospectivity Enhancement Multiplier ("PEM"). This factor directly relates to the success or failure of exploration completed to date, and to an assessment of the future potential of the asset. The method is based on the premise that a "grass roots" project commences with a nominal value that increases with positive exploration results from increasing exploration expenditure. Conversely, where exploration results are consistently negative, exploration expenditure will decrease along with the value. The following guidelines are presented on selection of the PEM:

- PEM = 1. Exploration activities and evaluation of mineralisation potential justifies continuing exploration.
- PEM = 2. Exploration activities and evaluation of mineralisation potential has identified encouraging drill intersections or anomalies, with targets of noteworthy interest generated.

- PEM = 3. Exploration activities and evaluation of mineralisation potential has identified significant grade intersections and mineralisation continuity.

Where transactions including sales and joint ventures relating to mineral assets that are comparable in terms of location, timing, mineralisation style and commodity, and where the terms of the sale are suitably "arms length" in accordance with the Valmin Code, such transactions may be used as a guide to, or a means of, valuation. This method is considered highly appropriate in a volatile financial environment where other "cost based" methods may tend to overstate value.

The Joint Venture Terms valuation method may be used to determine value where a Joint Venture Agreement has been negotiated at "arms length" between two parties. When calculating the value of an agreement that includes future expenditure, cash and/or shares payments, it is considered appropriate to discount expenditure or future payments by applying a discount rate to the mid-point of the term of the earn-in phase. Discount factors are also applied to each earn-in stage to reflect the degree of confidence that the full expenditure specified to completion of any stage will occur. The value assigned to the second and any subsequent earn-in stages always involves increased risk that each subsequent stage of the agreement will not be completed, from technical, economic and market factors. Therefore, when deriving a technical value using the Joint Venture Terms method, Ravensgate considers it appropriate to only value the first stage of an earn-in Joint Venture Agreement.

The total project value of the initial earn-in period can be estimated by assigning a 100% value, based on the deemed equity of the farminor, as follows:

$$V_{100} = \frac{100}{D}\left[CP + \left(CE * \frac{1}{(1+I)^{\frac{t}{2}}}\right) + \left(EE * \frac{1}{(1+I)^{\frac{t}{2}}} * P\right)\right]$$

where:

V_{100}	=	Value of 100% equity in the project ($)
D	=	Deemed equity of the farminor (%)
CP	=	Cash equivalent of initial payments of cash and/or stock ($)
CE	=	Cash equivalent of committed, but future, exploration expenditure and payments of cash and/or stock ($)
EE	=	Uncommitted, notional exploration expenditure proposed in the agreement and/or uncommitted future cash payments ($)
I	=	Discount rate (% per annum)
t	=	Term of the Stage (years)
P	=	Probability factor between 0 and 1, assigned by the valuer, and reflecting the likelihood that the Stage will proceed to completion.

Where mineral resources remain in the Inferred category, reflecting a lower level of technical confidence, the application of mining parameters using the more conventional DCF/NPV approach may be problematic or inappropriate and technical development studies may be at scoping study level. In these instances it is considered appropriate to use the 'in-situ' Resource method of valuation for these assets. This technique involves application of a heavily discounted valuation of the total in-situ metal or commodity contained within the resource. The level of discount applied will vary based on a range of factors including physiography and proximity to infrastructure or processing facilities. Typically and as a guideline, the discounted value is between 1% and 5% of the in-ground value of the metal in the Mineral Resource.

In the case of Pre-development, Development and Mining Projects, where Measured and Indicated Resources have been estimated and mining and processing considerations are known or can be reasonably determined, valuations can be derived with a reasonable degree of confidence by compiling a discounted cash flow (DCF) and determining the net present value (NPV).

The Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC code, 2004) sets out minimum standards, recommendations and guidelines. A Mineral Resource defines a mineral deposit with reasonable prospects of economic extraction. Mineral Resources are sub-divided into Inferred, Indicated and Measured to represent increasing geological confidence from known, estimated or interpreted specific geological evidence and knowledge. An Ore Reserve is the economically minable part of a Measured or Indicated Resource after appropriate studies. An Inferred Resource reflecting insufficient geological knowledge, cannot translate into an Ore Reserve. Measured Resources may become Proved (highest confidence) or Probable Reserves. Indicated Resources may only become Probable Reserves.

21.2 Previous Mineral Asset Valuations

Ravensgate was advised that an Independent Technical Valuation was completed for the Blue Rose – Olary and Corktree Projects in March 2010 by SRK Consulting (Williams, 2010). The valuation for the Blue Rose-Olary and Corktree Projects (current only at March 2010) is reproduced below in Table 13.

Table 13 Project Technical Valuation Summary by SRK Consulting as at March 2010 (after Williams, 2010)

Project	Locality	PacMag Equity Interest	Valuation		
			Low A$M	High A$M	Preferred A$M
Blue Rose / Olary	South Australia.	51%	0.28	1.30	0.79
Blue Rose / Olary	South Australia.	100%	0.55	2.55	1.55
Corktree	Western Australia.	7.3%	0.0142	0.0144	0.0143
Corktree	Western Australia.	100%	0.195	0.197	0.196

Ravensgate is not aware, nor have we been made aware, of any other valuations over the remaining Western Australian and South Australian projects. Exploration tenements have not been included in the valuation where tenure or permits have not been granted to the relevant company and the company does not therefore have any ownership over tenement mineral assets or any exploration value within the tenements.

21.3 Material Agreements

Ravensgate has been commissioned by Giralia Resources NL (ASX code: GIR) and PricewaterhouseCoopers Ltd (PwCS) to provide an Independent Technical Project Review and Valuation Report. The Technical Project Review encompasses the McPhee Creek Iron Ore Pre-Development Project, the Daltons-Mt Webber Iron Ore Pre-Development Project and the Yerecoin Iron Ore Pre-Development Project. The Technical Valuation report provides an assessment of the remaining Western Australian (WA) and South Australian (SA) "Exploration Area" and "Advanced Exploration Area" minerals assets listed below which are either owned 100% by Giralia or in Joint Venture agreements. Brief details of the Ownership and Joint Venture agreements can be listed as follows.

Mineral Asset	Giralia ownership %
• McPhee Creek Project (Iron), WA.	100%.
• Daltons-Mt Webber Project (Iron), WA.	75%.
• Yerecoin Project (Iron), WA.	100%.
• Western Creek Project (Iron), WA.	100%.
• Anthiby Well Project (Iron), WA.	100%.

• Earaheedy Project (Iron), WA.	100%.
• Beebyn Project (Iron), WA.	100%.
• Lake Frome Project (Uranium), SA.	25% (Free carried).
• Snake Well Project (Gold), WA.	100%.
• Snake Well – Conquistador Project (Base Metals), WA.	100% (Diluting to 49%).
• Munro Bore Project (Gold), WA.	100% (E51/1063)
• Munro Bore Project (Gold), WA.	Royalty Interest Only (M51/338).
• Cookes Creek Project (Base Metals), WA.	30% (Free carried).
• Blue Rose–Olary Project (Base Metals), SA.	49% (Contributing).
• Yuinmery Project (Gold), WA.	24% (Diluting).
• Kathleen Valley & Mt Harris Project, WA (Gold & Nickel).	13-26% (Diluting).
• Corktree Project (Copper), WA.	100% (Diluting to 49%).
• Diorite Hill Project (Nickel), WA.	100%.
• Minor Projects, WA.	100%.

Daltons-Mt Webber Iron Ore Project, WA. 75%.

In September 2002, Giralia Resources entered into a farm-in/joint-venture agreement with Haoma Mining and De Beers Australia Exploration. At this point in time Giralia has earnt a 75% participating interest in the project.

Lake Frome Uranium Exploration Project, SA. 25% (Free carried).

In October 1998 Giralia Resources and Heathgate Resources entered into a Joint Venture Agreement whereby Giralia Resources interest would be 25% free-carried until a decision to mine on the tenement is made (subject to exploration success and feasibility study results).

Snake Well – Conquistador Base Metals Project, WA. 100% (Diluting to 49%).

The Conquistador Joint Venture covers most of the area of the Company's Snake Well gold project tenements surrounding the Conquistador 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 over the expanded farm-in area.

Munro Bore Gold Project, WA. Royalty Interest (M51/338).

The 2007 Giralia Annual Report notes an acceptable option to purchase offer was received within the reporting period. A private group has exercised its option to purchase the Munro Bore tenement for $50,000 in cash payments (received) and a production royalty of $25 per ounce on the first 10,000 ounces produced and $10 per ounce uncapped on production in excess of 10,000 ounces of gold. To date no mine development has been undertaken on an Inferred Mineral Resource of 266kt @ 1.6g/t gold (13,900oz).

Cookes Creek Base Metals Exploration Project, WA. 30% (Free carried).

Hazelwood Resources Ltd (Hazelwood) is earning a 70% participating interest with Giralia free carried at 30% to 'decision to mine' in a large tenement area in the Pilbara region of WA. The Joint Venture was formalised in late 2006.

Blue Rose-Olary Base Metals Exploration Project, SA. 49% (Contributing).

The Blue Rose – Olary Joint Venture is located 300 kilometres north-east of Adelaide in South Australia. PacMag Metals Ltd ("PacMag") has earned a 51% interest from Giralia in the project. Giralia is contributing to ongoing exploration programs. On the 3 February 2010 the JV partners 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^2 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.

Yuinmery Gold Exploration Project, WA. 24% (Diluting).

La Mancha Resources Pty Ltd has currently earned a 76% interest in the project. In April 2010 La Mancha Resources Pty Ltd advised of plans to assign its participating interest in the Yuinmery Project to Empire Resources Ltd. Giralia elected not to exercise its pre-emptive rights and is diluting down.

Kathleen Valley & Mt Harris Gold & Nickel Project, WA. 13-26% (Diluting).

Joint venture operator, Xstrata Nickel Australasia (XNAO) (formerly Jubilee Gold Mines), has earned a 87% interest at Kathleen Valley and 74% at Mt Harris located approximately 5 kilometres north of the Cosmos nickel mine. Xstrata is continuing to sole fund exploration with Giralia diluting. The Joint Ventures are managed by XNAO under the Heads of Agreement dated 23 September 1991 as varied by Deed of Assignment.

Corktree Copper Exploration Project, WA. 100% (Diluting to 49%).

In March 2006 Pacific Magnesium Corporation Ltd (PacMag) entered into a farm-in agreement with Giralia Resources NL. PacMag has yet to successfully complete the farm-in requirements for the initial phase.

Ravensgate understands all active exploration tenements are granted at this point in time and are in good standing. Ravensgate is not aware, nor have we been made aware, of any other agreements that have a material effect on the provisional valuations of the mineral assets, and on this basis have made no adjustments on this account.

21.4 Comparable Transactions

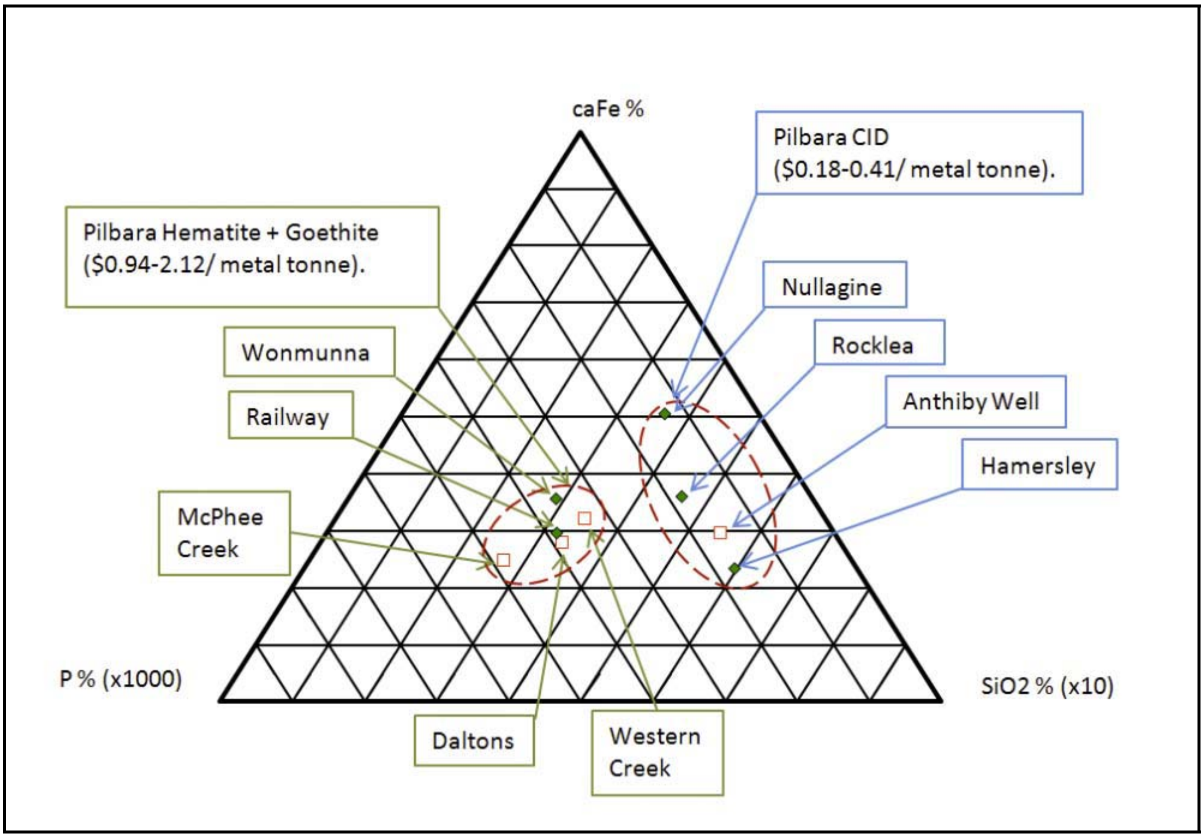
Ravensgate has completed a search for publicly available market transactions involving iron, gold, uranium and base metals projects within the Western Australian and South Australian regions. Transactions reflect comparable tenement holdings in geological provinces that are considered prospective for similar commodities, and that are of similar prospectivity to the minerals assets being acquired. In Ravensgate's experience and opinion, individual market transactions are rarely completely identical to the relevant project area or may not contain all the required information for compilation. In practice a range of implied values on a dollar per metal unit or dollar per square kilometre of tenement holding will be defined for further use. The transactions identified along with the implied cash-equivalent values are summarised in Section 21.4.1 to Section 21.4.4 by commodity and region.

Publically available market transactions have been separated to reflect transactions on a dollar per square kilometre of tenement holding or on a dollar per metal unit for a more advanced Exploration Target or Mineral Resource. This was undertaken to reflect the varying levels of geological exploration carried out within the various project tenements. In general terms, exploration projects may start with a relatively large tenement holding where a lack of detailed geological sampling and knowledge renders the use of the "in-situ" yardstick valuation method inappropriate (i.e. an "Exploration Area Mineral Asset). For these particularly early-stage exploration areas comparable transactions on a dollar per square kilometre basis are more relevant. As the project advances and as geological sampling and knowledge increase, tenement areas tend to decrease to match a narrowing focus on more prospective areas. For these areas where specific, drill sample supported Exploration Targets have been identified that warrant further detailed evaluation or Mineral Resources estimated, comparable transactions on a dollar per metal unit basis may be more appropriate (i.e. an "Advanced Exploration Area Mineral Asset or Pre-Development Project at early assessment").

21.4.1 Reported Market Transactions involving Iron Projects within the Western Australian Region

Ravensgate's analysis of West Australian market transactions for Iron projects indicates an implied value between $0.18 to $2.12 per tonne of contained iron metal for more advanced or strategic Exploration Targets or moderate confidence Mineral Resources (Table 14). The Wonmunna / Uaroo and Railway market transaction listed in Table 14 is considered to feature similar geology to Giralia's Western Creek Marra Mamba (Hematite-Goethite) iron deposit in the Pilbara region. The Rocklea, Nullagine and Hamersley market transactions listed in Table 14 are considered to feature similar geology to Giralia's Anthiby Well Channel Iron Deposit (CID) in the Pilbara region. Ravensgate's analysis of Western Australian market transactions for early-stage, conceptual Iron projects, indicates an implied value between $2,100 to $6,000 per square kilometre, rising to between $28,000 to $50,000 per square kilometre (Table 15). Ravensgate considers the lower range between $2,100 to $6,000 per square kilometre to be more appropriate for valuing Exploration Area Mineral Assets while the higher range between $28,000 to $50,000 per square kilometre is considered to be more appropriate for valuing Advanced Exploration Area Mineral Assets where a resource estimate may not yet have been undertaken but the project is of a more advanced and/or strategic nature. This reflects the greater value inherent in Advanced Exploration Area Mineral Assets where considerable exploration has been undertaken and specific mineralisation targets identified while Exploration Area Mineral Assets may or may not have any mineralisation identified. In Figure 20 a ternary diagram of the Pilbara Resource Grade Estimates for McPhee Creek, Daltons, Western Creek and Anthiby Well are plotted, along with available market transactions for Pilbara hematitic mineralisation. Magnetite type deposits were not included as the Giralia projects in the Pilbara relate to mainly hematite mineralisation. Anthiby Well Iron Project (Giralia CID) plots on the right side of the diagram while Western Creek Iron Project (Giralia Marra Mamba) plots towards the centre of the diagram.

Figure 20 Ternary Mineral Resource Estimate - Grade Diagram of Giralia Pilbara Hematite Projects (red square) and Pilbara Hematite Market Transactions (green diamond).



Note caFe% refers to Calcined Iron Grade (a measure of iron content on removal of volatiles e.g. LOI). Silica (SiO2) and Phosphorus (P) have been multiplied by 10 and 1000 respectively to display the data sets more effectively. Note Ravensgate considers that McPhee Creek and Daltons-Mt Webber Iron Projects can be considered Pre-Development Projects and has included these for geological comparison purposes only to the Advanced Exploration Areas (Western Creek and Anthiby Well Iron Projects).

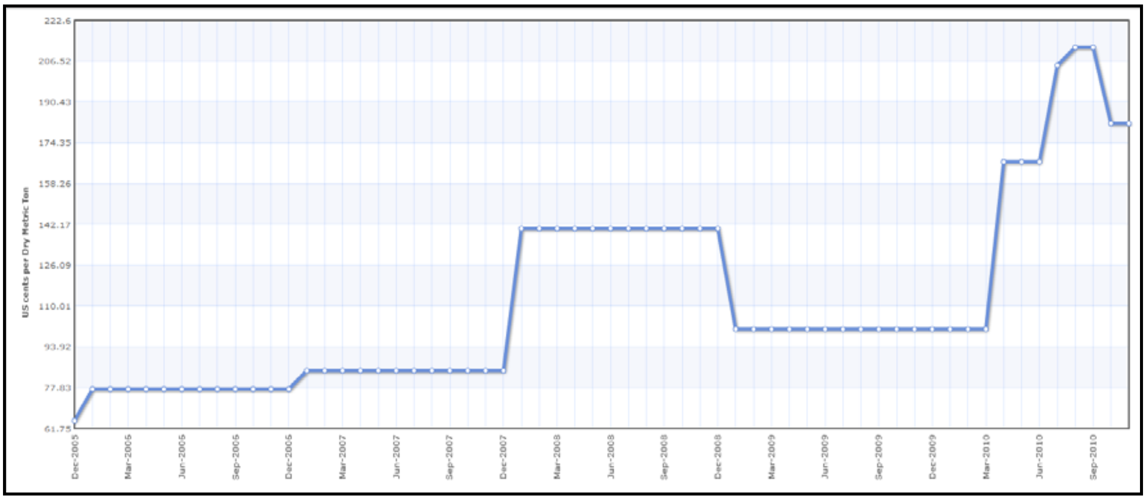
Table 14 Market Transactions Involving Iron Exploration Projects at Advanced Exploration Target or Moderate-Confidence Mineral Resource Stage within Western Australia				
Project	**Transaction Details & Type**	**Contained Fe Metal Tonnes (t)**	**Purchase Price 100% Basis (A$)**	**Implied Value / Metal Tonne (A$)**
Wonmunna and Uaroo, Pilbara, Western Australia.	October, 2010: E-Com Multi Limited entered into an acquisition agreement with Talisman Mining Limited to earn 100% with a $41.35M cash and shares buy-in. The project area is prospective for Marra Mamba Iron Formation plus BIF-hosted magnetite deposits. The Wonmunna Project contains an Inferred Resource of 78.3Mt @ **56.0% Fe** (Marra Mamba Formation). Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $41.35M (notional 0.94 A$/metal tonne on 100% terms).	43.85Mt	$41.35M	$0.94 / metal tonne
Rocklea, Pilbara, Western Australia.	October, 2010: Dragon Energy Ltd entered into an acquisition agreement with AusQuest Limited & Fortescue Resources Pty Ltd to earn 100% with a $7.0M cash buy-in. The tenement area totals 35km^2 for prospective Channel Iron Deposit (CID) material. The Rocklea CID Project contains an Inferred Resource of 63.1Mt @ 53.4% Fe (60.4% caFe). A higher grade component of 28.2Mt @ 55.58 (62.68% caFe) is contained within this resource. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $7.0M (notional 0.21 A$/metal t on 100% terms).	33.70Mt	$7.0M	$0.21 / metal tonne
Hamersley, Pilbara, Western Australia.	October, 2010: Saint Istvan Gold Limited (SVG) entered into a farm-in/JV agreement with Cazaly Resources Limited (CAZ) to earn 51% with a $4M cash buy-in and feasibility study funding of up to $6M within 3 years. The project area is prospective for Channel Iron Deposit (CID) with an Inferred Resource of 143Mt @ **52.6% Fe** (55.6% caFe) defined. Assuming the full terms of the agreement were met the implied cash equivalent on a 100% equity basis is $13.6M (notional 0.18 A$/metal tonne on 100% terms). SVG may acquire 100% of the project by paying CAZ $0.5/tonne for the relevant interest in the Mineral Resource within 18 months, or by paying $1.00/tonne for the relevant interest in the Mineral Resource between 18 to 36 months from the agreement date.	75.22Mt	$13.6M	$0.18 / metal tonne
Railway, Pilbara, Western Australia.	October 2009: BHP Billiton Ltd entered into an acquisition agreement of United Minerals Corporation (UMC) to earn 100% with a $204M cash buy-in. The main project deposit (Railway) contains a Marra Mamba + Detrital Iron Mineral Resource of 100.7Mt @ **60.34% Fe** (Indicated), 57.4Mt @ **53.98% Fe** (Inferred). Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis for the project is $194.1M ($204M cash deal minus UMC held cash) which is a notional 2.12 A$/metal t on 100% terms.	91.7Mt	$194.1M	$2.12 / metal tonne
Nullagine, Pilbara,	June 2009: Fortescue Metals Group Ltd entered into a farm-in/JV agreement with BC Iron Ltd to	48.20Mt	$20M	$0.41 /

Table 14 Market Transactions Involving Iron Exploration Projects at Advanced Exploration Target or Moderate-Confidence Mineral Resource Stage within Western Australia				
Project	**Transaction Details & Type**	**Contained Fe Metal Tonnes (t)**	**Purchase Price 100% Basis (A$)**	**Implied Value / Metal Tonne (A$)**
Western Australia.	earn 50% with an initial $10M cash buy-in. Remaining development costs were expected to be funded through project finance. The project contains a Channel Iron Deposit (CID) of 2.2Mt @ **54.5% Fe** (Measured), 68.8Mt @ **54.0% Fe** (Indicated), 18.1Mt @ **54.7% Fe** (Inferred). Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $20M (notional 0.41 A$/metal tonne on 100% terms).			metal tonne
Mt Richardson & Windarling East, Mid West, Western Australia.	August 2008: Portman Mining Ltd entered into a farm-in/JV agreement with Iron Mountain Mining Ltd to earn 100% with a $10M cash buy-in plus royalty and a one-off $0.5/tonne payment for any Measured or Indicated Resources defined (above 10Mt). The project area was considered prospective for an iron Exploration Target with a grade range of **56-59% Fe** for 18-22Mt. Assuming the terms of the agreement were met and excluding the royalty/one-off payment, the implied cash equivalent on a 100% equity basis is $10M (notional 0.87 A$/metal t on 100% terms at the mid-point of the exploration target).	11.5Mt	$10M	$0.87 / metal tonne
Koolan Island (Kimberly), Tallering Peak & Extension Hill (Mid-West), WA.	April 2008: Gazmetall Holding Cyprus Ltd entered into a farm-out shares-based agreement. The projects are prospective for hematite iron mineralisation and contain a Mineral Resource of 15.5Mt @ **63.42% Fe** (Measured), 61.9Mt @ **62.46% Fe** (Indicated) and an Inferred Resource of 25.9Mt @ **60.94% Fe**. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis would be $21.3M (notional 0.33 A$/metal t on 100% terms).	64.3Mt	$21.3M	$0.33 / metal tonne
Mt Gould & Wilgie Mia, Mid West, Western Australia.	August, 2007: Atlas Iron Limited entered into an acquisition agreement with private overseas investors to earn 100% with a $13.25 cash and shares buy-in. The project contains an Exploration Target of 30-40Mt @ **60-66% Fe**. Assuming the terms of the agreement were met and using the mid-point of the Exploration Target, the implied cash equivalent on a 100% equity basis would be $13.25M (notional 0.60 A$/metal t on 100% terms).	22Mt	$13.25M	$0.60 / metal tonne

Table 15 Market Transactions Involving Iron Exploration Projects at a particularly early and conceptual stage within Western Australia				
Project	**Transaction Details & Type**	**Area (km^2)**	**Purchase Price 100% Basis (A$)**	**Implied Value/km^2 (A$)**
Mt Alexander, Pilbara, Western Australia.	October 2009: Zinc Co Australia Ltd entered into a purchase agreement with Mt Alexander Resources Pty Ltd to earn 100% with a $0.06M cash and shares buy-in. The project area is prospective for BIF. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $0.06M.	28.4	$0.06M	$2,100
Mt Oscar, Pilbara, Western Australia.	September 2008: Apollo Minerals Ltd entered into a farm-in/JV agreement to earn 20% with a $2.2M cash and shares buy-in. The project area is considered prospective for magnetite BIF. Assuming the full terms of the agreement were met the implied cash equivalent on a 100% equity basis is $11.0M	218	$11.0M	$50,000
Mt Padbury, Mid West, Western Australia.	September, 2008: Midwest Corporation Ltd entered into a farm-in/JV agreement with Montezuma Mining Corp to earn 100% with a $6M cash buy-in under conditions. The project area is considered prospective for hematite iron. Assuming the full terms of the agreement were met the implied cash equivalent on a 100% equity basis is $6.0M.	214	$6.0M	$28,000
Yalgoo-Singleton, Mid West, Western Australia.	June 2008: Venus Resources Ltd entered into a farm-in/JV agreement to earn 100% with a $1.05M cash and shares buy-in. The project area is considered prospective for magnetite and hematite iron plus VMS base and precious metal mineralisation. Assuming the terms of the agreement were met and excluding royalty payments, the implied cash equivalent on a 100% equity basis is $1.05M.	308	$1.05M	$3,400
Beyondie, Mid West, Western Australia.	May 2008: Emergent Resources Ltd entered into a farm-in/JV agreement with De Grey Mining Ltd to earn 80% with a $1.75M exploration spend over 3 years. The project area is considered prospective for magnetite BIF. Assuming the terms of the agreement were met and excluding royalty payments, the implied cash equivalent on a 100% equity basis is $2.19M.	841	$2.19M	$2,600
Mt Padbury, Mid West, Western Australia.	April 2008: Montezuma Mining Company Ltd entered into a farm-in/JV agreement to earn 10% with a $0.05M buy-in (in shares). The project area is considered prospective for hematite (60 to 65% Fe). Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $0.5M.	214	$0.5M	$2,300
Kiaby Well, Mid West, Western Australia.	January 2008: Silver Swan Group entered into a farm-in/JV agreement with Mawson West Ltd to earn 60% with a $0.3M exploration spend over 3 years. The project area is considered prospective for iron, base metal and gold. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $0.5M.	84	$0.5M	$6,000

Ravensgate has examined the 5 year historical commodity charts for general trends over time. A general analysis of the five year price chart for iron ore in Figure 21 indicates a steady price increase and recovery since October 2009. Ravensgate has taken into consideration the general commodity trend as an influence on deriving a final project valuation.

Figure 21 Five year price chart for Iron Ore Monthly Price



Note: Iron Ore, 67.55% iron content, fine, contract price to Europe, FOB Ponta da Madeira, US cents per dry metric tonne unit (source website: http://www.indexmundi.com/commodities/?commodity=iron-ore&months=60). Note a dry metric tonne unit (dmtu) refers to 1/100 of a dry metric tonne.

21.4.2 Reported Market Transactions involving Western Australian (WA) Gold Projects

Ravensgate's analysis of Western Australian market transactions for gold projects indicates an implied value between $6 per troy ounce to $38 per troy ounce for more advanced or strategic Exploration Targets or moderate confidence Mineral Resources (Table 16). Ravensgate's analysis of Western Australian market transactions for early-stage, conceptual gold projects, indicates an implied value between $2,900 per square kilometre to $12,100 per square kilometre (Table 17).

Table 16 Market Transactions Involving Gold Exploration Projects at Advanced Exploration Target or Moderate-Confidence Mineral Resource Stage within Western Australia

Project	Transaction Details & Type	Troy Ounces (Oz)	Purchase Price 100% Basis (A$)	Implied Value / Ounce (A$)
North Monger, WA.	July 2010: Silver Lake Resources Ltd entered into a farm-in agreement with Cortona Resources Ltd to earn 100% with a $3M cash buy-in. The project area is prospective for gold mineralisation with a Mineral Resource of 0.26Mt @ 2.6g/t Au (Indicated), 0.6Mt @ 3.0g/t Au (Inferred) for 0.08 Moz Au total. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $3M (notional 38 A$/oz on 100% terms).	0.08Moz	$3M	$38/oz
Kalgoorlie	June, 2010: Phoenix Gold Pty Ltd entered into a	0.6Moz	$3.5M	$6/oz

Table 16 Market Transactions Involving Gold Exploration Projects at Advanced Exploration Target or Moderate-Confidence Mineral Resource Stage within Western Australia				
Project	**Transaction Details & Type**	**Troy Ounces (Oz)**	**Purchase Price 100% Basis (A$)**	**Implied Value / Ounce (A$)**
West, WA.	farm-in/JV agreement with Cazaly Resources Ltd to earn 100% with a $3.5M cash and shares buy-in. The project area is prospective for gold mineralisation with 600,000 ounces defined. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $3.5M (notional 6 A$/oz on 100% terms).			
Bullabulling, Kalgoorlie, WA.	February 2010: GGG Resources PLC entered into a farm-in/JV agreement with Auzex Resources Ltd to earn 50% with a $2.5M cash buy-in. The project area is prospective for gold mineralisation with a Mineral Resource of 4.9Mt @ 1.51g/t Au (Measured), 4.2Mt @ 1.35g/t Au (Indicated), 0.3Mt @ 1.52g/t Au (Inferred) for 431,600koz (minus 14koz production). Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $5M (notional 12 A$/oz on 100% terms).	0.418Moz	$5M	$12/oz
Kalgoorlie North, WA.	July 2009: Atom Energy Ltd entered into a farm-in/JV agreement with Kalgoorlie Mining Associates Pty Ltd to earn 70% with a $2.0M cash and shares buy-in. The project area is prospective for gold mineralisation with an Inferred Resource (4.6Mt @ 1.8g/t Au for 267 koz). Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $2.86M (notional 11 A$/oz on 100% terms).	0.267Moz	$2.86M	$11/oz
White Well, WA.	June 2008: Mutiny Gold Ltd entered into a farm-in/JV agreement with private vendors to earn 70% with a $0.77M cash, shares and exploration spend. The project area is prospective for gold mineralisation with an Exploration Target (2.0Mt @ 1.3g/t Au to 5.0Mt @ 0.7g/t Au). Assuming the terms of the agreement were met and using the lower target, the implied cash equivalent on a 100% equity basis is $1.1M (notional 13 A$/oz on 100% terms).	0.084Moz	$1.1M	$13/oz
Durack, Murchison, WA.	May 2008: Montezuma Mining Company Ltd entered into a farm-in/JV agreement with Grange Resources Ltd to earn 85% with a $0.5M exploration spend over 4 years. The project area is prospective for gold mineralisation with a Mineral Resource of 0.39Mt @ 2.2g/t Au (Indicated) and 0.18Mt @ 2.6g/t Au (Inferred). Assuming the terms of the agreement were met, the implied cash equivalent on a 100% equity basis is $0.59M (notional 14 A$/oz on 100% terms).	0.042Moz	$0.59M	$14/oz
Minjar, WA.	April 2008: Aard Metals and Energy Ltd entered into a farm-in agreement with Monarch Gold Mining Company Ltd to earn 100% with a $11M cash deal. The project area is prospective for gold mineralisation with a Mineral Resource of 2.09Mt @ 2.4g/t Au (Indicated) and 3.06Mt @ 2.5g/t Au	0.407Moz	$11M	$27/oz

Table 16 Market Transactions Involving Gold Exploration Projects at Advanced Exploration Target or Moderate-Confidence Mineral Resource Stage within Western Australia				
Project	**Transaction Details & Type**	**Troy Ounces (Oz)**	**Purchase Price 100% Basis (A$)**	**Implied Value / Ounce (A$)**
	(Inferred) for 407 koz. Assuming the terms of the agreement were met, the implied cash equivalent on a 100% equity basis is $11M (notional 27 A$/oz on 100% terms).			
Munro Bore, Murchison, WA.	October 2007: Private vendors entered into a farm-in option agreement with Giralia Resources to earn 100% with a $0.05M cash payment and production royalty of $25/oz (first 10koz's), dropping to $10/oz uncapped thereafter. The project area is prospective for gold mineralisation with an Inferred Mineral Resource of 0.27Mt @ 1.6g/t Au (13,900oz). Assuming the terms of the agreement were met and using the resource statement, the implied cash equivalent on a 100% equity basis is $0.34M (notional 24 A$/oz on 100% terms).	0.014Moz	$0.34M	$24/oz

Table 17 Market Transactions Involving Gold Exploration Projects at a particularly early and conceptual stage within Western Australia				
Project	**Transaction Details & Type**	**Area (km^2)**	**Purchase Price 100% Basis (A$)**	**Implied Value/km^2 (A$)**
Killaloe, Norseman, WA.	December 2010: Matsa Resources Ltd entered into a farm-in/JV agreement with Cullen Resources Ltd to earn 70% with a $0.6M shares and exploration spend (over 3 years). The project area is prospective for gold mineralisation. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $0.857M.	141	$0.857M	$6,100
Erayinia, Kalgoorlie, WA.	September 2010: Integra Mining Limited entered into a farm-in/JV agreement with Image Resources NL to earn 70% with an exploration spend of $0.75M over 5 years. The tenement area totals 125.23km^2 for prospective gold mineralisation. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $1.07M.	125.23	$1.07M	$8,600
Yuinmery, Murchison, WA.	April 2010: Empire Resources Ltd entered into a farm-in/JV agreement with La Mancha Resources Pty Ltd to earn 76% with a $0.45M exploration spend over 3 years. Empire may acquire La Mancha's participating interest after 3 years for $0.75M. The project area is prospective for gold and base metals mineralisation. Assuming the terms of the agreement were met and not including royalties, the implied cash equivalent on a 100% equity basis is $1.58M.	184	$1.58M	$8,600
West Musgrave, WA.	January 2010: Tortuga Advisors Ltd entered into a farm-in/JV agreement with Strzelecki Metals Ltd to earn 80%	1,489	$5M	$3,400

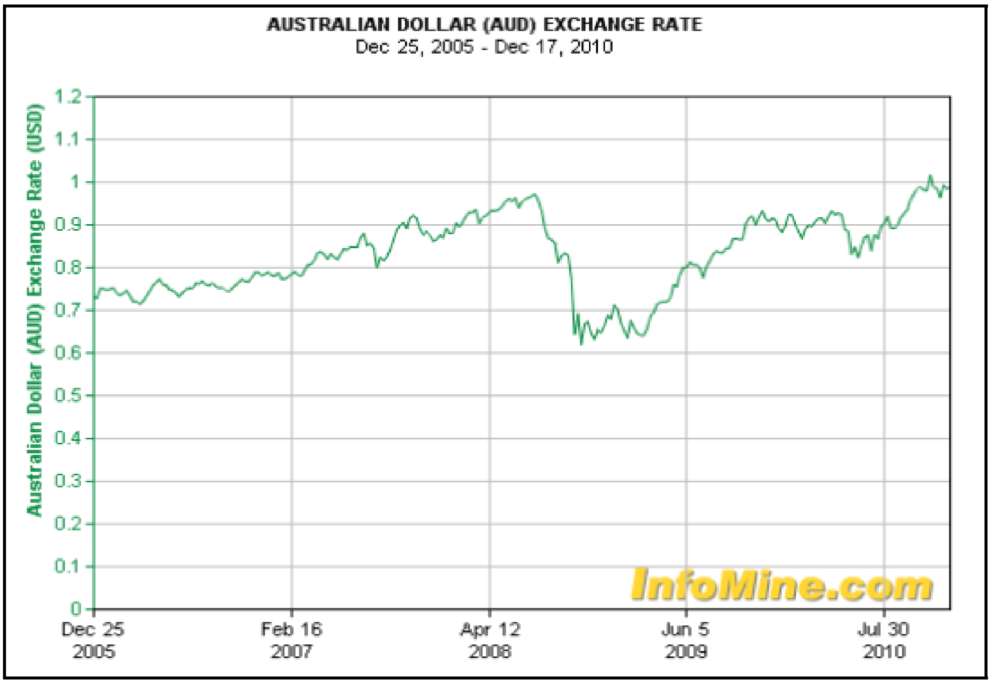
Project	Transaction Details & Type	Area (km^2)	Purchase Price 100% Basis (A$)	Implied Value/km^2 (A$)
	with an exploration spend of $4.0M over 5 years. The tenement area totals 1,489km^2 for prospective uranium, gold and base metal mineralisation. Anomalous soil gold and uranium assays occur in the southern area of the project. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $5M.			
Penny's Find Project, Kalgoorlie, WA.	October 2009: Empire Resources Ltd entered into a joint agreement to earn a 51% interest with Rubicon Resources Ltd over the Penny's Find gold licences located near Kalgoorlie. Assuming the terms of the agreement were met for the initial farm-in stage the implied cash equivalent on a 100% equity basis is $0.43M.	40	$0.43M	$10,750
Mystique Project, Albany Frazer, WA.	September 2009: Blackfire Minerals Ltd entered into a joint agreement to earn a 75% interest with Pacmag Metals Ltd over its Mystique gold licences located in the Albany Frazer Province. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $3.4M.	434	$3.4M	$7,800
Peters Dam Project, Kalgoorlie, WA.	July 2009: Integra Mining Ltd entered into a joint agreement to earn a 70% interest with Rubicon Resources Ltd over its Peters Dam gold licences located some 70km east of Kalgoorlie. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $3.6M.	325	$3.6M	$11,000
Lake Violet, Yandal, WA.	June 2009: Tharsis Mining Pty Ltd entered into a farm-in/JV agreement with Aragon Resources Ltd to earn 51% with $0.66M exploration spend. The tenement area totals 450.7km^2 for prospective gold mineralisation. Assuming the initial terms of the agreement were met the implied cash equivalent on a 100% equity basis is $1.29M.	450.7	$1.29M	$2,900
Maitland, Yandal, WA.	June 2009: Alamar Resources Ltd entered into a farm-in/JV agreement with Aragon Resources Ltd to earn 51% with $0.2M exploration spend. The tenement area totals 65.08km^2 for prospective gold mineralisation. Assuming the initial terms of the agreement were met the implied cash equivalent on a 100% equity basis is $0.392M.	65.08	$0.392M	$6,000
Bronco Plains Project, Albany Frazer, WA.	August 2008: AngloGold Ashanti Australia Ltd and Independence Gold Ltd entered into a joint agreement to earn a 72% interest with Image Resources Ltd over its Bronco Plains licences located in the Albany Frazer Province. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $2.8M.	230	$2.8M	$12,100
Mandilla Well, Yandal, WA.	June 2008: Alamar Resources Limited entered into a farm-in/JV agreement to earn 80% for a buy-in mixture of cash and shares. The tenement area totals 28.15km^2 for prospective gold mineralisation. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $0.188M.	28.15	$0.188M	$6,700

Table 17 Market Transactions Involving Gold Exploration Projects at a particularly early and conceptual stage within Western Australia

Ravensgate has examined the 5 year historical commodity charts for general trends over time. A general analysis of the five year price chart for gold in Figure 22 indicates a steady price increase since 2005. A general analysis of the five year price chart for the Australian dollar to US exchange rate in Figure 23 indicates a move towards parity in recent months. Ravensgate has taken into consideration the general commodity trend as an influence on deriving a final project valuation.

Figure 22 Five year price chart for Gold Price

Figure 23 Five year Australian dollar to US Exchange Rate



21.4.3 Reported Market Transactions involving South Australian Uranium Projects

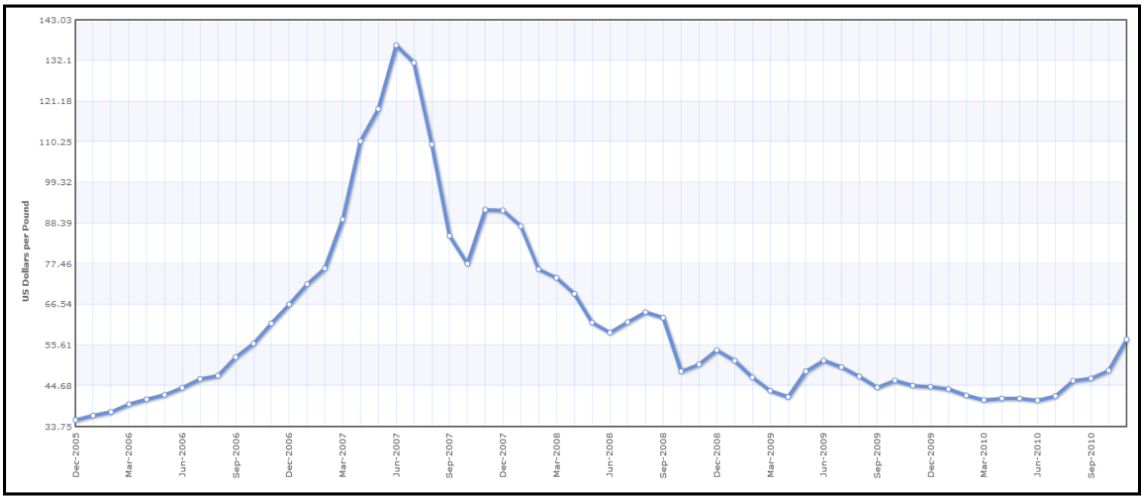
Ravensgate's analysis of South Australian market transactions for early-stage, conceptual exploration uranium projects, indicates an implied value between $750 per square kilometre to $4,600 per square kilometre (Table 18).

Table 18 Market Transactions Involving South Australian (SA) Uranium Exploration Projects at a particularly early and conceptual stage.

Project	Transaction Details & Type	Area (km^2)	Purchase Price 100% Basis (A$)	Implied Value/km^2 (A$)
West Lake Frome, Curnamona, SA.	August 2010: Uranium Equities Ltd entered into a farm-in/JV agreement with Cauldron Energy Ltd to earn 80% with a $5M exploration spend over five years. The tenement area totals 1,444km^2 for prospective sediment-hosted uranium mineralisation. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $6.25M.	1,444	$6.25M	$4,300
Lake Blanche, SA.	November 2008: Uranium Equities Ltd entered into agreements to acquire 51% of the Lake Blanche Project located in SA, totaling 6,253km^2. The implied cash equivalent on a 100% equity basis, provided the terms of the agreement were met, was $6.86M.	6,253	$6.86M	$1,100
Marree Project, SA.	October 2008: Kores entered into agreements to acquire 50% of the Marree Project from Atomic Resources Ltd located in SA, totaling 2,575km^2. The implied cash equivalent on a 100% equity basis, provided the terms of the agreement are met, was $12.0M.	2,575	$12.0M	$4,600
Cocata Projects, SA.	February 2007: Uranium Equities Ltd entered into agreements to acquire 51% of the Cocata Projects located in SA, totaling 1,210km^2. The implied cash equivalent on a 100% equity basis, provided the terms of the agreement were met, was $1.47M.	1,210	$1.47M	$1,200
Coulta Projects, SA.	February 2007: WCP Uranium Ltd entered into agreements to acquire 51% of the Coulta Projects located in SA, totaling 1,957km^2. The implied cash equivalent on a 100% equity basis, provided the terms of the agreement were met, was $1.47M.	1,957	$1.47M	$750

Ravensgate has examined the 5 year historical commodity charts for general trends over time. Ravensgate notes that the long-term uranium U_3O_8 price has recently traded above the spot uranium U_3O_8 price for several years. However in general, analysis of the five year price chart for uranium in Figure 24 indicates a steady price decline since 2007. In recent months some improvement in the uranium spot price has occurred. Ravensgate has taken into consideration the general commodity trend as an influence on deriving a final project valuation.

Figure 24 Five year price chart for Uranium spot price



Note: Uranium U_3O_8 restricted price, Nuexco spot exchange, US$ per pound (source website: http://www.indexmundi.com/commodities/?commodity=uranium&months=60).

21.4.4 Reported Market Transactions involving Western Australian and South Australian Base Metal Projects

Ravensgate's analysis of Western Australian market transactions for early-stage, conceptual exploration base metal projects, indicates an implied value between \$2,600 per square kilometre to \$9,200 per square kilometre, rising to \$21,500 to \$24,000 per square kilometre (Table 19). Two Western Australian transactions were noted to be very low at \$150/km^2 to \$250/km^2. Ravensgate considers the lower range between \$2,600 to \$9,200 per square kilometre to be more appropriate for valuing Exploration Area Mineral Assets while the higher range between \$21,500 to \$24,000 per square kilometre is considered to be more appropriate for valuing Advanced Exploration Area Mineral Assets where a resource estimate may not yet have been undertaken but the project is of a more advanced and/or strategic nature. This reflects the greater value inherent in Advanced Exploration Area Mineral Assets where considerable exploration has been undertaken and specific mineralisation targets identified while Exploration Area Mineral Assets may or may not have any mineralisation identified. Ravensgate's analysis of South Australian market transactions for early-stage, conceptual exploration base metal projects, indicates an implied value between \$620 per square kilometre to \$1,750 per square kilometre, rising to \$12,350 per square kilometre (Table 20).

Table 19 Market Transactions Involving Western Australian (WA) Base Metal Exploration Projects at a particularly early and conceptual stage.

Project	Transaction Details & Type	Area (km^2)	Purchase Price 100% Basis (A$)	Implied Value/km^2 (A$)
Celia, Laverton, WA.	January 2010: Rubicon Resources Ltd entered into a farm-in agreement to earn 100% with a \$5,000 cash buy-in (plus \$1/tonne royalty on all mineral ores). The project area is prospective for nickel and gold mineralisation. Assuming the terms of the agreement were met and excluding royalty the implied cash equivalent on a 100% equity basis is \$5,000.	32.4	\$5,000	\$150
Bryah, WA.	December 2009: Dominion Mining Ltd entered into a farm-in/JV agreement with Cazaly Resources Ltd to earn	122.6	\$0.857M	\$7,000

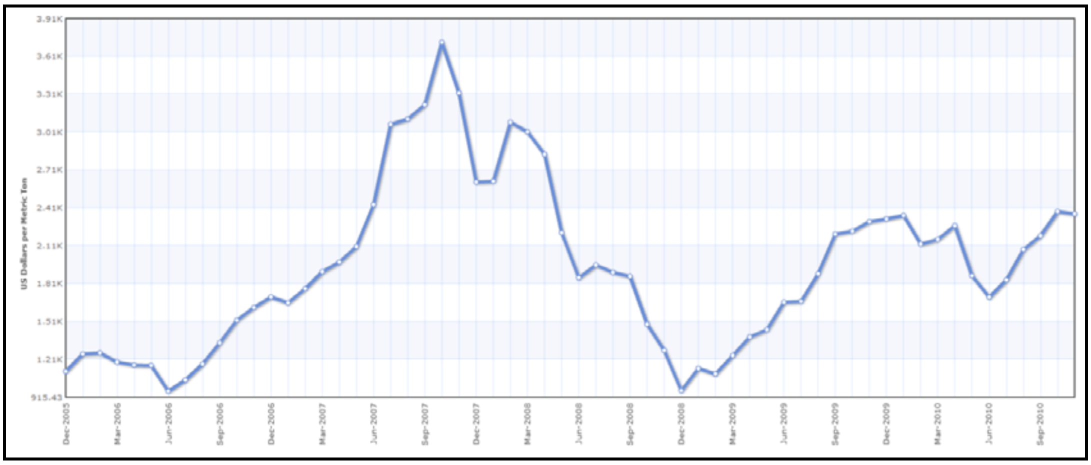
Table 19 Market Transactions Involving Western Australian (WA) Base Metal Exploration Projects at a particularly early and conceptual stage.				
Project	**Transaction Details & Type**	**Area (km^2)**	**Purchase Price 100% Basis (A$)**	**Implied Value/km^2 (A$)**
	70% with a $0.6M exploration spend. The project area is prospective for VMS copper-gold mineralisation. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $0.857M.			
Hooley Well and Imagi Well, Carnarvon, WA.	October 2008: Eagle Nickel Ltd entered into a farm-in/JV agreement with Red River Resources Ltd to earn 30% with a $0.3M exploration spend over 4 years. The project area is prospective for nickel mineralisation. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $1.0M.	204	$1.0M	$4,900
Goldfields, WA.	August 2008: Lumacom Ltd entered into a farm-in/JV agreement with a private vendor to earn 100% in a cash and shares buy-in. The project area is prospective for zinc, copper and gold mineralisation. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $0.15M.	50	$0.15M	$3,000
Gunbarrel, Wiluna, WA.	August 2008: ATW Venture Corp entered into a farm-in/JV agreement with private vendors to earn 51% in a cash and shares buy-in. The project area is prospective for base metal mineralisation. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $2.35M.	98	$2.35M	$24,000
Karratha, WA.	July, 2008: Anglo American Plc entered into a farm-in/JV agreement with Helix Resources Ltd to earn 80% with a $5.0M exploration spend over 5 years. The project area is prospective for nickel sulphide and VMS Cu-Pb-Zn mineralisation. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $2.5M.	291	$6.25M	$21,500
Windy Knob, WA.	July 2008: Windy Knob Resources Ltd entered into a binding agreement to purchase 100% of EL51/1198 in consideration for 500,000 shares. The tenement area totals 162km^2 for prospective base metal (VMS) mineralisation. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $0.04M.	162	$0.04	$250
Western Shaw, Pilbara, WA.	July 2008: Atlas Iron Ltd entered into a farm-in/JV agreement with Buxton Resources Ltd/South Boulder Mines Ltd to earn 100% in an initial $0.33M script-based deal. The project area is prospective for gold and nickel sulphide mineralisation. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $0.33M.	127	$0.33M	$2,600
Lawlers, Leinster, WA.	June 2008: Apex Mining NL/Carey Mining Pty Ltd entered into a farm-in/JV agreement with Barrick Gold Corp to earn 70% in a $1.5M exploration spend over 3 years. The project area is prospective for nickel sulphide mineralisation. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $2.14M.	234	$2.14M	$9,200
Yuinmery, Sandstone, WA.	May 2008: Empire Resources Ltd entered into a farm-in/JV agreement with Meekal Pty Ltd to earn 10% for $0.15M in a cash deal. The project area is prospective	270	$1.5M	$5,600

Table 19 Market Transactions Involving Western Australian (WA) Base Metal Exploration Projects at a particularly early and conceptual stage.				
Project	**Transaction Details & Type**	**Area (km^2)**	**Purchase Price 100% Basis (A$)**	**Implied Value/km^2 (A$)**
	for VHMS copper-gold mineralisation. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $1.5M.			
Corktree, WA.	March 2006: Pacific Magnesium Corporation Ltd entered into a farm-in/JV agreement with Giralia Resources NL to earn 51% for an initial $0.3M exploration spend. The project area is prospective for copper mineralisation. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $0.59M.	196	$0.59M	$3,000

Table 20 Market Transactions Involving South Australian (SA) Base Metal Exploration Projects at a particularly early and conceptual stage.				
Project	**Transaction Details & Type**	**Area (km^2)**	**Purchase Price 100% Basis (A$)**	**Implied Value/km^2 (A$)**
Mt Wood, SA.	April 2010: OZ Minerals Ltd entered into a farm-in/JV agreement with IMX Resources Ltd to earn 51% with a $20M minimum exploration spend over 5 years. The project area is prospective for copper-gold mineralisation. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $39.2M.	3,172	$39.2M	$12,350
Musgrave, SA.	June 2009: Pepinnini Minerals Limited entered into a farm-in/JV agreement with Rio Tinto Exploration Pty Limited to earn 51.5% with a $1M to $1.5M exploration spend within two years. The tenement area totals 1,382km^2 for prospective nickel, copper sulphide mineralisation. Assuming the mid-point terms of the agreement were met the implied cash equivalent on a 100% equity basis is $2.43M.	1,382	$2.43M	$1,750
Douglas Creek, Nth SA.	November 2008: Minotaur Exploration Ltd entered into an option agreement with Rio Tinto Exploration for an initial Right To Explore by carrying out a $0.25M exploration spend. The tenement area totals 406km^2 for prospective base and precious metal mineralisation (possible Mt Isa / Olympic Dam style). Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $0.25M.	406	$0.25M	$620

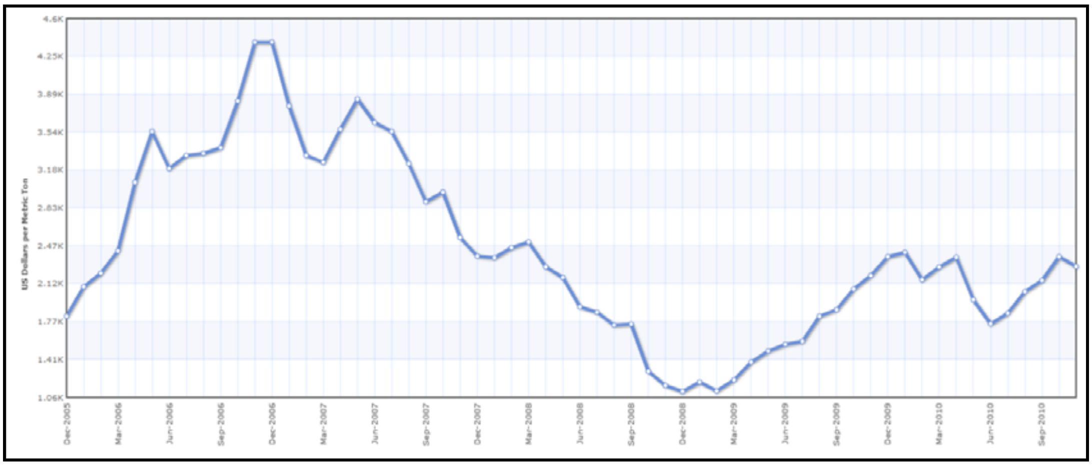
Ravensgate has examined the 5 year historical commodity charts for general trends over time. Ravensgate notes that in general base metal prices have trended upwards since the Global Financial Crisis (GFC) was exited (Figure 25 to Figure 28). Ravensgate has taken into consideration the general commodity trend as an influence on deriving a final project valuation.

Figure 25 Five year price chart for Lead monthly spot price



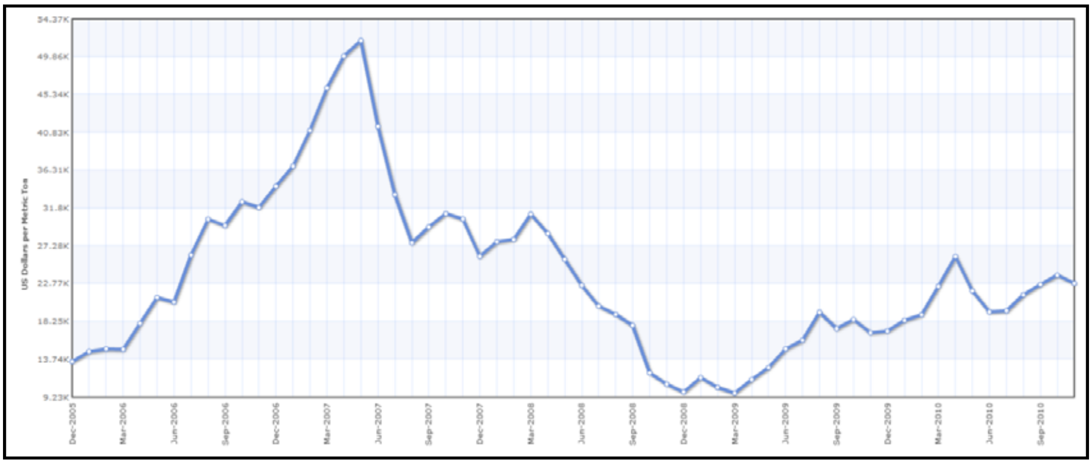
Note: Lead, 99.97% pure, LME spot price, CIF European Ports, US$ per metric tonne *(source website: http://www.indexmundi.com/commodities/?commodity=lead&months=60).*

Figure 26 Five year price chart for Zinc monthly spot price



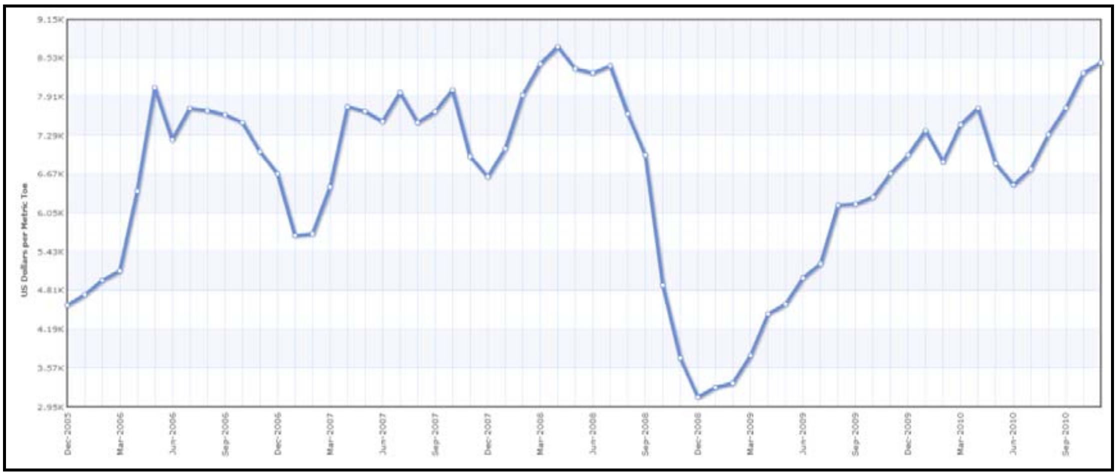
Note: Zinc, high grade 98% pure, US$ per metric tonne *(source website: http://www.indexmundi.com/commodities/?commodity=zinc&months=60).*

Figure 27 Five year price chart for Nickel monthly spot price



Note: Nickel, melting grade, LME spot price, CIF European ports, US$ per metric tonne *(source website: http://www.indexmundi.com/commodities/?commodity=nickel&months=60).*

Figure 28 Five year price chart for Copper monthly spot price (Grade A cathode)



Note: Copper, grade A cathode, LME spot price, CIF European ports, US$ per metric tonne (source website: http://www.indexmundi.com/commodities/?commodity=copper&months=60).

21.5 Mineral Asset Valuations

21.5.1 Western Creek Iron Project, West Australia

21.5.1.1 Selection of Valuation Method

The Western Creek Iron Project can be classified as an 'Advanced Exploration Area' mineral asset where a Mineral Resource has been estimated. The commodity item of interest for exploration is primarily goethite-hematite iron mineralisation of the Marra Mamba Formation in the Pilbara region. A Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has been reported as listed in Table 8. In valuing the mineral asset of the Western Creek Iron Project, Ravensgate considers the 'DCF/NPV' method inappropriate due to the lack of an Ore Reserve or Scoping/Feasibility Studies. Ravensgate has elected to apply the Comparable Transaction Method to value the project after consideration of the various valuation methods outlined in Section 21.1.

21.5.1.2 Project Analysis – Comparable Transactions Method

Ravensgate's analysis of the hematite-related iron market transactions indicates that the implied value of more advanced or strategic exploration projects with iron Mineral Resources generally lies around \$0.18 to \$2.12 per contained resource metal tonne. Within this range Ravensgate has selected an applicable range of \$0.94 to \$2.12 per contained resource metal tonne to apply to the total Mineral Resource listed in Table 8, which relates to approximately \$27.9M to \$62.9M for the contained metal within the current Mineral Resource Estimate (29.7Mt metal). The Wonmunna / Uaroo and Railway market transaction listed in Table 14 is considered to feature similar geology to Giralia's Western Creek Marra Mamba (Hematite-Goethite) iron deposit in the Pilbara region. The lower and upper limit of the range is taken from these project market transactions which feature a similar geological position on the ternary grade diagram (Figure 20). From this range a preferred value of \$45.4M has been selected which is towards the middle end of the range and reflects the outcome of successful exploration to date. Ravensgate considers the project is of merit and worthy of further exploration and studies.

21.5.2 Anthiby Well Iron Project, West Australia

21.5.2.1 Selection of Valuation Method

The Anthiby Well Iron Project can be classified as an 'Advanced Exploration Area' mineral asset where a Mineral Resource has been estimated. The commodity item of interest for exploration is primarily Channel Iron Deposit (CID) iron mineralisation in the Pilbara region. A Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has been reported as listed in Table 9. In valuing the mineral asset of the Anthiby Well Iron Project, Ravensgate considers the 'DCF/NPV' method inappropriate due to the lack of an Ore Reserve or Scoping/Feasibility Studies. Ravensgate has elected to apply the Comparable Transaction Method to value the project after consideration of the various valuation methods outlined in Section 21.1.

21.5.2.2 Project Analysis – Comparable Transactions Method

Ravensgate's analysis of the hematite-related iron market transactions indicates that the implied value of more advanced or strategic exploration projects with iron Mineral Resources generally lies around $0.18 to $2.12 per contained resource metal tonne. Ravensgate considers the Rocklea, Nullagine and Hamersley market transactions to be geologically similar to Anthiby Well and notes these transactions were at the low end of the range. Within this range Ravensgate has selected an applicable range of $0.18 to $0.41 per contained resource metal tonne to apply to the total Mineral Resource listed in Table 9, which relates to approximately $5.8M to $13.1M for the contained metal within the current Mineral Resource Estimate (32.1Mt metal). The upper and lower limit of the range is taken from the Pilbara CID market transactions (Table 14) which feature a similar geological position on the ternary grade diagram (Figure 20). From this range a preferred value of $6.3M has been selected which is towards the lower end of the range and reflects the outcome of successful exploration and grade of deleterious elements. Ravensgate considers the project is of merit and worthy of further exploration and studies.

21.5.3 Earaheedy Iron Project, West Australia

21.5.3.1 Selection of Valuation Method

The Earaheedy Iron Project can be classified as an 'Exploration Area' mineral asset where low-grade areas of exploration interest have been outlined but significant and coherent mineralisation intersections and volumes have yet to be identified. The commodity item of interest for exploration is primarily iron mineralisation in the Mid-West region. A reported Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has not been defined for the project. Thick, low-grade, shallow-dipping sheets of bedded hematitic iron formation and shale have been identified from recent drilling. Additional drilling on pisolitic and pelletal hematitic gravels flanking the hills of hematite outcrop was completed in early 2008. Ravensgate considers the project is of merit and worthy of further exploration. The project is ranked at an early stage with further exploration and beneficiation testwork to be undertaken to investigate the mineralisation prospectivity. In valuing the mineral asset of the Earaheedy Iron Project, Ravensgate considers the 'DCF/NPV' method inappropriate due to the lack of an Ore Reserve or Scoping/Feasibility Studies. Ravensgate has elected to apply the Multiples of Exploration Method (MEE) and Comparable Transaction Method to value the project after consideration of the various valuation methods outlined in Section 21.1.

21.5.3.2 Project Analysis - Multiple of Exploration Expenditure Method (MEE)

In valuing the exploration potential of the Earaheedy Iron Project Ravensgate has elected to apply the Multiple of Exploration Expenditure (MEE) method. Inspection of recent tenement expenditure and annual reports shows cumulative exploration expenditure since 2007 can be deemed $2.9M. Ravensgate has sourced expenditure information from annual reports by Giralia and the Western Australia Government of Mines and Petroleum tenement register. Heritage survey teams approved Giralia's exploration programs in 2006-2009. As far as can be reasonably ascertained, this exploration expenditure is replacement costed as at January 2011. The exploration expenditure includes the 2008 and 2009 drill program over the project with exploration expenditure accounting for 83% of total expenditure. Previous historical expenditure has been disregarded as obsolete.

A value of $2.9M was selected for the MEE Earnings Base (EB) with the majority of expenditure being incurred since 2008. Ravensgate has elected to apply a Prospectivity Enhancement Multiplier (PEM) of 0.8 to 1.4 reflecting the exploration results and conclusions to date. Applying this PEM to the Earnings Base (EB) of $2.9M results in a range of provisional values for the exploration potential from $2.3M to $4.1M. A provisional value of $3.2M selected from the MEE analysis reflects exploration success and issues to date.

21.5.3.3 Project Analysis – Comparable Transactions Method

Ravensgate's analysis of the iron-related market transactions indicates that the implied value of particularly early-stage, greenfield exploration projects with iron potential generally lies in the range $2,100/km^2 to $6,000/km^2 (Table 15), which relates to approximately $1.2M to $3.5M for the 4 granted tenements covering the project (577km^2). Ravensgate considers this range is of similar status to the project and has therefore not used higher value market transactions in Table 15. From this range a preferred value of $2.3M has been selected which recognises the outcome of exploration programs undertaken to date and further potential to be investigated via metallurgical testwork.

21.5.3.4 Conclusion

By using the Multiples of Exploration Expenditure (MEE) Method and Comparable Transactions method for valuing a 100% interest in the exploration potential associated with the Earaheedy Iron Project, a range of selected provisional values from $2.3M to $3.2M can be derived. Ravensgate has elected to assign a preferred value of $2.8M in the middle of the range, recognising mineral asset prospects and the exploration drilling and geological work outlined to date. In Ravensgate's opinion the provisional value reflects the project's potential which remains to be fully tested, the uncertain nature of early stage exploration and the current relatively high iron price.

21.5.4 Beebyn Iron Project, West Australia

21.5.4.1 Selection of Valuation Method

The Beebyn Iron Project can be classified as an 'Advanced Exploration Area' mineral asset where a Mineral Resource has been estimated. The commodity item of interest for exploration is primarily hematite-goethite Banded Iron Formation (BIF) iron mineralisation in the Mid West region. A Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has been reported as listed in Table 10. In valuing the mineral asset of the Anthiby Well Iron Project, Ravensgate considers the 'DCF/NPV' method inappropriate due to the lack of an Ore Reserve or Scoping/Feasibility Studies. Ravensgate has elected to apply the Comparable Transaction Method to value the project after consideration of the various valuation methods outlined in Section 21.1.

21.5.4.2 Project Analysis – Comparable Transactions Method

Ravensgate's analysis of the hematite-related iron market transactions indicates that the implied value of more advanced or strategic exploration projects with iron Mineral Resources generally lies around $0.18 to $2.12 per contained resource metal tonne. Within this range Ravensgate has selected an applicable range of $0.33 to $0.87 per contained resource metal tonne to apply to the total Mineral Resource listed in Table 10, which relates to approximately $1.4M to $3.6M for the contained metal within the current Mineral Resource Estimate (4.1Mt metal). The upper and lower limit of the range is taken from the Non-Pilbara hematite market transactions (Table 14). From this range a preferred value of $3.0M has been selected which is slightly over the mid-point of the range and reflects the outcome of successful exploration to date and generation of a small Mineral Resource estimate. Ravensgate considers the project is of merit, adjacent to the larger Weld Range deposit being developed by Sinosteel Midwest (southward) and worthy of further exploration and studies.

21.5.5 Lake Frome Uranium Project, Western Australia

21.5.5.1 Selection of Valuation Method

The Lake Frome Uranium Project can be classified as an 'Exploration Area' mineral asset where areas of exploration interest for uranium have been outlined but significant and coherent mineralisation intersections and volumes have yet to be identified. The commodity item of interest for exploration is primarily uranium mineralisation and the Joint Venture tenements are located adjacent to the operating Beverley in-situ leach uranium mine. The tenements cover around 45 kilometres of strike of the range front north and south of the Beverley Four Mile discovery. Ravensgate notes a reported Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has not been defined for the project. In valuing the mineral asset of the Lake Frome Project, Ravensgate considers the 'DCF/NPV' method inappropriate due to the lack of an Ore Reserve or Scoping/Feasibility Studies. Ravensgate has elected to apply the Multiples of Exploration Method (MEE) and Comparable Transaction Method to value the project after consideration of the various valuation methods outlined in Section 21.1.

21.5.5.2 Project Analysis - Multiple of Exploration Expenditure Method (MEE)

In valuing the exploration potential of the Lake Frome Uranium Project Ravensgate has elected to apply the Multiple of Exploration Expenditure (MEE) method. Inspection of tenement expenditure and annual reports shows cumulative exploration expenditure to date can be deemed $2.8M. As far as can be reasonably ascertained, this exploration expenditure is replacement costed as at January 2011. The exploration expenditure includes the 2008 and 2009 drill programs over the project. Historical expenditure from the 1960's and 1970's has been disregarded as obsolete.

A value of $2.8M was selected for the MEE Earnings Base (EB). Ravensgate has elected to apply a Prospectivity Enhancement Multiplier (PEM) of 1.0 to 1.8 reflecting the exploration results and conclusions to date. Applying this PEM to the Earnings Base (EB) of $2.8M results in a range of provisional values for the exploration potential from $2.8M to $5M. A provisional value of $3.9M selected from the MEE analysis reflects exploration success and issues to date.

21.5.5.3 Project Analysis – Comparable Transactions Method

Ravensgate's analysis of the uranium-related market transactions in South Australia indicates that the implied value of early-stage, greenfield exploration projects with uranium potential generally lies in the range \$750/km^2 to \$4,600/km^2 (Table 18) which relates to approximately \$1.6M to \$9.6M for the 2 granted tenements covering the project (2,097 km^2). From this range a preferred value of \$4.4M has been selected which recognises the outcome of exploration programs undertaken to date, large tenement area and uranium anomalies to be further investigated for prospectivity. The preferred value is moderately lower than the mid-point of the valuation range.

21.5.5.4 Conclusion

By using the Multiples of Exploration Expenditure (MEE) Method and Comparable Transactions method for valuing a 100% interest in the exploration potential associated with the Lake Frome Uranium Project, a range of selected provisional values from $3.9M to $4.4M can be derived. Ravensgate considers the Lake Frome project is of merit and worthy of further exploration however notes the project is at an early stage of exploration with noteworthy uranium drill intersections identified. Ravensgate has elected to assign a preferred value of $4.2M in the middle of the range, recognising mineral asset prospects and the exploration drilling and geological work outlined to date. In Ravensgate's opinion the provisional value reflects the project's potential which remains to be fully tested, the uncertain nature of early stage exploration and the uranium price trend.

21.5.6 Snake Well Gold Project, Western Australia.

21.5.6.1 Selection of Valuation Method

The Snake Well Gold Project can be classified as an 'Advanced Exploration Area' to 'Pre-Development Project' mineral asset where a gold Mineral Resource has been estimated (Table 11). The Mineral Resource estimate contains material dominantly in the relatively higher Indicated category of geological confidence (1.9Mt @ 1.9g/t Au for 116 koz) and also some material in the Inferred category of lower geological confidence (0.9Mt @ 1.6g/t Au for 48 koz). The commodity item of interest for exploration is primarily gold mineralisation in the West Murchison region. Ravensgate considers the project is of merit and worthy of further exploration and studies. In valuing the exploration potential of the Snake Well Gold Project, Ravensgate considers the 'DCF/NPV' method inappropriate due to the lack of an Ore Reserve or Scoping/Feasibility Studies. Ravensgate has elected to apply the Insitu Yardstick Method and Comparable Transaction Method to value the project after consideration of the various valuation methods outlined in Section 21.1.

21.5.6.2 Project Analysis – Insitu Yardstick Method

Discounting the implied value of the contained gold target to a range from 2.0% to 3.0%, results in a yardstick valuation range for a 100% interest in the compiled Mineral Resource Estimate (164,000 troy ounces) of between $4.6M and $6.9M using a spot gold price of A$1,398/oz (29/12/2010). The compiled Mineral Resource estimate is defined in Section 12.2 as 1.9Mt @ 1.9g/t Au (Indicated) and 0.9Mt @ 1.6g/t Au (Inferred). Ravensgate has elected to assign a preferred value of $5.8M slightly over the middle of the range to reflect the advanced stage of exploration programs undertaken with accompanying further work required for development of successful mine operations (e.g. resolution of native title).

21.5.6.3 Project Analysis – Comparable Transactions Method

Ravensgate's analysis of the gold-related market transactions indicates that the implied value of more advanced or strategic exploration projects with gold potential generally lies in the range $6 to $27 per troy ounce (Table 16), which relates to approximately $1.0M to $4.4M for the gold ounces of the compiled Mineral Resource estimate. The maximum (outlier) implied value from the tabled market transactions has been excluded (Table 16). In Ravensgate's opinion the maximum outlier market transaction is at a more advanced status relative to this project. From this range a preferred value of $2.7M has been selected.

21.5.6.4 Conclusion

By using the Insitu Yardstick Method and Comparable Transactions method for valuing a 100% interest in the exploration potential associated with the Snake Well Gold Project, a range of selected provisional values from $2.7M to $5.8M can be derived. Ravensgate has elected to assign a preferred value of $4.25M towards the middle end of the range, recognising the status of geological understanding of mineralisation volumes and grade based on exploration work. The preferred value is at a notional $26/oz which is within the overall range of market transactions listed in Table 16 (i.e. implied market value between $3.5 per ounce to $38 per ounce).

21.5.7 Snake Well – Conquistador Base Metal Project, Western Australia

21.5.7.1 Selection of Valuation Method

The Snake Well - Conquistador Base Metals Project can be classified as an 'Exploration Area' mineral asset where areas of exploration interest and have been outlined but significant and coherent mineralisation intersections and volumes have yet to be identified. The commodity item of interest for exploration is primarily base metal (zinc-lead-silver) mineralisation. A reported Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has not been defined for the project. Ravensgate considers the project is of merit and worthy of further exploration however notes the project is at an early stage of exploration. In valuing the mineral asset of the Minor Projects, Ravensgate considers the 'DCF/NPV' method inappropriate due to the lack of an Ore Reserve or Scoping/Feasibility Studies. Ravensgate has elected to apply the Comparable Transaction Method to value the project after consideration of the various valuation methods outlined in Section 21.1.

21.5.7.2 Project Analysis – Comparable Transactions Method

Ravensgate's analysis of the base metal related market transactions in Western Australia indicates that the implied value of particularly early-stage, greenfield exploration projects with base metal potential generally lies in the range $2,600/km^2 to $9,200/km^2 (Table 19), which relates to approximately $1.2M to $4.3M for the granted tenements covering the project (469.12 km^2). Ravensgate considers this range is of similar status to the project and has therefore not used higher value market transactions in Table 19. From this range a preferred value of $1.9M has been selected which recognises the conceptual nature of the exploration targets and anomalies identified as the outcome of exploration programs undertaken to date. The preferred value is towards the lower end of the valuation range.

21.5.8 Munro Bore Gold Project, Western Australia

21.5.8.1 Selection of Valuation Method

The Munro Bore Gold Project can be classified as an 'Advanced Exploration Area' mineral asset where an Inferred Mineral Resource has been estimated (M51/338). The remainder of the Munro Bore Gold Project can be classified as an 'Exploration Area' mineral asset (E51/1063). The commodity item of interest for exploration is primarily gold mineralisation in the Murchison region. In valuing the exploration potential of the Snake Well Gold Project, Ravensgate considers the 'DCF/NPV' method inappropriate due to the lack of an Ore Reserve or Scoping/Feasibility Studies. Ravensgate has elected to apply the Insitu Yardstick Method and Comparable Transaction Method to value the project after consideration of the various valuation methods outlined in Section 21.1.

21.5.8.2 Project Analysis - Insitu Yardstick Method - Resource

Discounting the implied value of the contained gold target to a range from 1.0% to 2.0%, results in a yardstick valuation range for a 100% interest in the compiled Mineral Resource Estimate (13,900 troy ounces) of between $0.19M and $0.39M using a spot gold price of A$1,398/oz (29/12/2010). The compiled Mineral Resource estimate is defined in Section 13.2 as 266kt @ 1.6g/t Au (Inferred). Ravensgate has elected to assign a preferred value of $0.29M at the middle of the range to reflect the advanced stage of exploration programs undertaken with accompanying further work required for development of successful mine operations.

21.5.8.3 Project Analysis – Comparable Transactions Method - Resource

Ravensgate's analysis of the gold-related market transactions indicates that the implied value of more advanced or strategic exploration projects with gold potential generally lies in the range $6 to $27 per troy ounce (Table 16), which relates to approximately $0.08M to $0.38M for the gold ounces of the compiled Mineral Resource estimate. The maximum (outlier) implied value from the tabled market transactions has been excluded (Table 16). In Ravensgate's opinion the maximum outlier market transaction is at a more advanced status relative to this project. From this range a preferred value of $0.2M has been selected which is towards the middle of the range.

21.5.8.4 Project Analysis – Comparable Transactions Method – Exploration Area

Ravensgate's analysis of the gold related market transactions in Western Australia indicates that the implied value of early-stage, greenfield exploration projects with gold mineralisation potential generally lies in the range $2,900/km^2 to $12,100/km^2 (Table 17), which relates to approximately $0.15M to $0.61M for the granted tenement classified as an 'Exploration Area' mineral asset (E51/1063 - 50 km^2). From this range a preferred value of $0.38M has been selected which recognises the conceptual nature of the exploration targets and outcome of exploration programs undertaken to date.

21.5.8.5 Conclusion

By using the Insitu Yardstick Method - Resources and Comparable Transactions - Resources method for valuing a 100% interest in the exploration potential associated with the Munro Bore Gold Project, a range of selected provisional values from $0.20M to $0.29M can be derived. Ravensgate has elected to assign a preferred value of $0.24M towards the middle end of the range, recognising the status of geological understanding of mineralisation volumes and grade based on exploration work. The preferred value is at a notional $18/oz which is within the overall range of market transactions listed in Table 16 (i.e. implied market value between $6 per ounce to $38 per ounce). By using the Comparable Transactions – Exploration Area method for valuing a 100% interest in the exploration potential associated with the Munro Bore Gold Project (E51/1063 only), a range of selected provisional values from $0.15M to $0.61M can be derived. Ravensgate has elected to assign a preferred value of $0.38M towards the middle end of the range. The 2007 Giralia Annual Report notes an acceptable option to purchase offer was received within the reporting period (M51/338). A private group has exercised its option to purchase the Munro Bore tenement for $50,000 in cash payments (received) and a production royalty of $25 per ounce on the first 10,000 ounces produced and $10 per ounce uncapped on production in excess of 10,000 ounces of gold. To date no mine development has been undertaken. Theoretically the production royalty calculates to $0.289M however Ravensgate notes the Resource estimate is only classified as Inferred and is of the opinion that a moderately conservative valuation is a reasonable approach.

21.5.9 **Cookes Creek Base Metal Project, Western Australia**

21.5.9.1 Selection of Valuation Method

The Cookes Creek Base Metals Project can be classified as an ‘Exploration Area’ mineral asset where areas of exploration interest have been outlined but significant and coherent mineralisation intersections and volumes have yet to be identified. The commodity item of interest for exploration is primarily copper-zinc mineralisation. A reported Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has not been defined for the project. A number of geophysical conductor plate anomalies have been identified for further drilling with encouraging copper assay results recorded from recent drilling. In valuing the mineral asset of the Cookes Creek Base Metal Project, Ravensgate considers the ‘DCF/NPV’ method inappropriate due to the lack of an Ore Reserve or Scoping/Feasibility Studies. Ravensgate has elected to apply the Multiples of Exploration Method (MEE) and Comparable Transaction Method to value the project after consideration of the various valuation methods outlined in Section 21.1.

21.5.9.2 Project Analysis - Multiple of Exploration Expenditure Method (MEE)

In valuing the exploration potential of the Cookes Creek Base Metal Project Ravensgate has elected to apply the Multiple of Exploration Expenditure (MEE) method. Inspection of tenement expenditure and annual reports shows cumulative and relevant exploration expenditure since 2007 can be deemed <u>$0.8M</u>. The Joint Venture was formalised in late 2006. As far as can be reasonably ascertained, this exploration expenditure is replacement costed as at January 2011. The majority of expenditure ($0.7M) relates to exploration activities.

A value of <u>$0.8M</u> was selected for the MEE Earnings Base (EB). Ravensgate has elected to apply a Prospectivity Enhancement Multiplier (PEM) of 0.8 to 1.6 reflecting the exploration results and conclusions to date. Applying this PEM to the Earnings Base (EB) of <u>$0.8M</u> results in a range of provisional values for the exploration potential from <u>$0.64M</u> to <u>$1.28M</u>. A provisional value of <u>$0.96M</u> selected from the MEE analysis reflects exploration success and issues to date.

21.5.9.3 Project Analysis – Comparable Transactions Method

Ravensgate’s analysis of the base metal related market transactions in Western Australia indicates that the implied value of early-stage, greenfield exploration projects with base metal potential generally lies in the range $2,600/km^2 to $9,200/km^2 (Table 19) which relates to approximately $0.3M to $1.1M for the 3 granted tenements covering the project (121 km^2).

Ravensgate considers this range is of similar status to the project and has therefore not used higher value market transactions in Table 19. From this range a preferred value of $0.65M has been selected which recognises the conceptual nature of the exploration targets and outcome of exploration programs undertaken to date. The preferred value is at the middle of the valuation range.

21.5.9.4 Conclusion

By using the Multiples of Exploration Expenditure (MEE) Method and Comparable Transactions method for valuing a 100% interest in the exploration potential associated with the Cookes Creek Base Metal, a range of selected provisional values from $0.65M to $0.96M can be derived. Ravensgate considers the Cookes Creek Base Metal project is of merit and worthy of further exploration however notes the project is at an early stage of exploration. Ravensgate has elected to assign a preferred value of $0.81M in the middle of the range, recognising mineral asset prospects and the exploration drilling and geological work outlined to date. In Ravensgate's opinion the provisional value reflects the project's potential which remains to be fully tested, the uncertain nature of early stage exploration and the improvement in base metal price trends.

21.5.10 Blue Rose – Olary Base Metals, South Australia

21.5.10.1 Selection of Valuation Method

The Olary Uranium Project can be classified as an 'Exploration Area' mineral asset where areas of exploration interest for uranium have been outlined at Olary (EL 3849) but significant and coherent mineralisation intersections and volumes have yet to be identified. The Blue Rose Base Metal Project can be classified as an 'Advanced Exploration Area' mineral asset where coherent areas of exploration interest for copper-gold have been outlined at Blue Rose (EL 3848) and the mineralisation model is sufficiently well understood for further evaluating the mineral prospectivity of the tenement. This is reflected in the 2010 Blue Rose joint venture whereby Wasco Mining Pty Ltd will acquire the rights to mine the Blue Rose copper oxide deposit (12km^2). The commodity item of interest for exploration is primarily uranium (Olary) and copper-gold mineralisation (Blue Rose). The Blue Rose tenement is considered prospective for both oxide and sulphide copper-gold mineralisation. Ravensgate notes a reported Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has not been defined for the Olary or Blue Rose projects. Ravensgate considers the Olary project is of merit and worthy of further exploration however notes the project is at an early stage of exploration with anomalous surficial uranium identified. Ravensgate considers the Blue Rose project is of advanced merit where exploration has identified one deposit with a reasonable chance of mine development and remaining targets warrant further exploration work. Ravensgate has excluded the 2010 sale of the Blue Rose copper deposit to allow an evaluation of the remaining mineral asset. In valuing the mineral asset of the Blue-Rose Olary Base Metals Project, Ravensgate considers the 'DCF/NPV' method inappropriate due to the lack of an Ore Reserve or Scoping/Feasibility Studies. In addition Ravensgate notes the 2010 acquisition of the Blue Rose copper oxide deposit means exploration expenditure for the MEE valuation method is difficult to separate and compile. The 2010 iron ore rights agreement under which iron ore rights were assigned to private group Bonython Metals Pty Ltd is also excluded as the consideration of 6% interest in an unlisted company is not possible to value. Ravensgate has elected to apply the Comparable Transaction Method to value the project after consideration of the various valuation methods outlined in Section 21.1.

21.5.10.2 Project Analysis – Comparable Transactions Method (Olary)

Ravensgate's analysis of the uranium-related market transactions in South Australia indicates that the implied value of early-stage, greenfield exploration projects with uranium potential generally lies in the range $750/km^2 to $4,600/km^2 (Table 18), which relates to approximately $0.06M to $0.39M for the single granted tenement covering the project (84 km^2). From this range a preferred value of $0.1M has been selected which recognises the outcome of exploration programs undertaken to date and uranium anomalies to be further investigated for prospectivity. The preferred value is towards the low end of the valuation range.

21.5.10.3 Project Analysis – Comparable Transactions Method (Blue Rose)

Ravensgate's analysis of the base metal related market transactions in South Australia indicates that the implied value of early-stage, greenfield exploration projects with base metal potential generally lies in the range $620/km^2 to $1,750/km^2 (Table 20), which relates to approximately $0.6M to $1.7M for the single granted tenements covering the project (984 km^2 – excluding Blue Rose). Ravensgate considers this range is of similar status to the project and has therefore not used higher value market transactions in Table 20. From this range a preferred value of $1.7M has been selected which recognises the early stage nature of the remaining exploration targets, strong copper price and successful outcome of exploration programs undertaken to date. The preferred value is at the upper end of the valuation range and excludes the Blue Rose copper deposit acquisition by Wasco in 2010.

21.5.10.4 Project Analysis – Comparison to Previous Valuation

Ravensgate was advised that an Independent Technical Valuation was completed for the Blue Rose – Olary and Corktree Projects in March 2010 by SRK Consulting (Williams, 2010). The valuation for the Blue Rose-Olary Projects (current at March 2010) is reproduced below in Table 21.

Table 21 Project Technical Valuation Summary by SRK Consulting as at March 2010 (after Williams, 2010)

Project	Locality	PacMag Equity Interest	Valuation		
			Low A$M	High A$M	Preferred A$M
Blue Rose / Olary	South Australia.	51%	0.28	1.30	0.79
Blue Rose / Olary	South Australia.	100%	0.55	2.55	1.55

21.5.10.5 Conclusion

By using the Comparable Transactions method for valuing a 100% interest in the exploration potential associated with the Blue Rose Olary Project, a combined range of selected provisional values from $0.66M to $2.09M can be derived. The valuation range is similar to the March 2010 valuation reproduced in Table 21. Ravensgate has elected to assign a preferred value of $1.8M towards the upper end of the range based on the exploration work undertaken to date. In Ravensgate's opinion the provisional value reflects the project's potential which remains to be fully tested with the planned future drill programs, the uncertain nature of early stage exploration and the significant improvement in copper price trends since early 2009 (Figure 28). Ravensgate considers the relative difference between the March 2010 valuation and this valuation insignificant in the terms of the overall compiled valuation report.

21.5.11 Yuinmery Gold Project, Western Australia

21.5.11.1 Selection of Valuation Method

The Yuinmery Gold Project can be classified as an 'Exploration Area' mineral asset where areas of exploration interest have been outlined but significant and coherent mineralisation intersections and volumes have yet to be identified. The commodity item of interest for exploration is primarily gold mineralisation. A reported Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has not been defined for the project. In valuing the mineral asset of the Yuinmery Gold Project, Ravensgate considers the 'DCF/NPV' method inappropriate due to the lack of an Ore Reserve or Scoping/Feasibility Studies. Ravensgate has elected to apply the Multiples of Exploration Method (MEE) and Comparable Transaction Method to value the project after consideration of the various valuation methods outlined in Section 21.1.

21.5.11.2 Project Analysis - Multiple of Exploration Expenditure Method (MEE)

In valuing the exploration potential of the Yuinmery Gold Project Ravensgate has elected to apply the Multiple of Exploration Expenditure (MEE) method. Inspection of tenement expenditure and annual reports shows cumulative and relevant exploration expenditure since 2007 can be deemed $0.7M. As far as can be reasonably ascertained, this exploration expenditure is replacement costed as at January 2011. The majority of expenditure ($0.5M) relates to exploration activities.

A value of $0.7M was selected for the MEE Earnings Base (EB). Ravensgate has elected to apply a Prospectivity Enhancement Multiplier (PEM) of 0.8 to 1.5 reflecting the exploration results and conclusions to date. Applying this PEM to the Earnings Base (EB) of $0.7M results in a range of provisional values for the exploration potential from $0.56M to $1.05M. A provisional value of $0.8M selected from the MEE analysis reflects exploration success and work undertaken to date.

21.5.11.3 Project Analysis – Comparable Transactions Method

Ravensgate's analysis of the gold related market transactions in Western Australia indicates that the implied value of early-stage, greenfield exploration projects with gold mineralisation potential generally lies in the range $2,900/km^2 to $12,100/km^2 (Table 17), which relates to approximately $0.5M to $2.2M for the 5 granted tenements covering the project (184 km^2). From this range a preferred value of $1.35M has been selected which recognises the conceptual nature of the exploration targets and outcome of exploration programs undertaken to date. The preferred value is at the middle of the valuation range and slightly below the April 2010 joint-venture farm-in by Empire Resource Ltd (Table 17). This reflects the joint venture being in the initial stages of farm-in expenditure.

21.5.11.4 Conclusion

By using the Multiples of Exploration Expenditure (MEE) Method and Comparable Transactions method for valuing a 100% interest in the exploration potential associated with the Yuinmery Gold Project, a range of selected provisional values from $0.8M to $1.35M can be derived. Ravensgate considers the Yuinmery Gold Project is of merit and worthy of further exploration however notes the project is at an early stage of exploration. Ravensgate has elected to assign a preferred value of $1.1M in the middle of the range, recognising mineral asset prospects and the exploration drilling and geological work outlined to date. In Ravensgate's opinion the provisional value reflects the project's potential which remains to be fully tested, the uncertain nature of early stage exploration and the improvement in base metal price trends.

21.5.12 Kathleen Valley & Mt Harris Gold and Nickel, Western Australia

21.5.12.1 Selection of Valuation Method

The Kathleen Valley and Mt Harris Gold and Nickel project can be classified as an 'Exploration Area' mineral asset where areas of exploration interest have been outlined but significant and coherent mineralisation intersections and volumes have yet to be identified. The commodity item of interest for exploration is primarily gold and nickel sulphide mineralisation. A reported Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has not been defined for the project. Several gold anomalies have been identified for follow-up exploration. Surface geophysics has also identified weak anomalies which require more investigation and a moderate geophysical plate conductor anomaly has been identified at depth for drilling. The target would be nickel sulphides mineralisation. Ravensgate considers the project is of merit and worthy of further exploration on the identified anomalies to date. In valuing the mineral asset of the Kathleen Valley and Mt Harris Nickel/Gold Project, Ravensgate considers the 'DCF/NPV' method inappropriate due to the lack of an Ore Reserve or Scoping/Feasibility Studies. Ravensgate has elected to apply the Multiples of Exploration Method (MEE) and

Comparable Transaction Method to value the project after consideration of the various valuation methods outlined in Section 21.1.

21.5.12.2 Project Analysis - Multiple of Exploration Expenditure Method (MEE)

In valuing the exploration potential of the Kathleen Valley and Mt Harris Gold and Nickel Project Ravensgate has elected to apply the Multiple of Exploration Expenditure (MEE) method. Inspection of tenement expenditure and annual reports shows cumulative and relevant current exploration expenditure since 2007 can be deemed $0.57M. As far as can be reasonably ascertained, this exploration expenditure is replacement costed as at January 2011. A significant proportion of expenditure ($0.27M) has been incurred conducting exploration programs.

A value of $0.57M was selected for the MEE Earnings Base (EB). Ravensgate has elected to apply a Prospectivity Enhancement Multiplier (PEM) of 0.8 to 1.4 reflecting the exploration results and conclusions to date. Applying this PEM to the Earnings Base (EB) of $0.57M results in a range of provisional values for the exploration potential from $0.46M to $0.80M. A provisional value of $0.63M selected from the MEE analysis reflects exploration success and issues to date.

21.5.12.3 Project Analysis – Comparable Transactions Method

Ravensgate's analysis of the base metal related market transactions in Western Australia indicates that the implied value of early-stage, greenfield exploration projects with base metal potential generally lies in the range $2,600/km^2 to $9,200/km^2 (Table 19), which relates to approximately $0.09M to $0.32M for the 11 granted tenements covering the project (34.94 km^2). Ravensgate considers this range is of similar status to the project and has therefore not used higher value market transactions in Table 19. From this range a preferred value of $0.25M has been selected which recognises the conceptual nature of the exploration targets and outcome of exploration programs undertaken to date. The preferred value is towards the upper end of the valuation range.

21.5.12.4 Conclusion

By using the Multiples of Exploration Expenditure (MEE) Method and Comparable Transactions method for valuing a 100% interest in the exploration potential associated with the Kathleen Valley and Mt Harris Project (mainly nickel), a range of selected provisional values from $0.25M to $0.63M can be derived. Ravensgate considers the Kathleen Valley and Mt Harris Gold and Nickel project is of merit and worthy of further exploration however notes the project is at an early stage of exploration. Ravensgate has elected to assign a preferred value of $0.44M in the middle of the range, recognising mineral asset prospects and the exploration drilling and geological work outlined to date. The valuation range and selected value have been split proportionally by project area (Mt Harris 19% and Kathleen Valley 81%). This was undertaken to produce a derived valuation by project JV interest rights. In Ravensgate's opinion the provisional value reflects the project's potential which remains to be fully tested, the uncertain nature of early stage exploration and the improvement in base metal price trends.

21.5.13 Corktree Copper Project, Western Australia

21.5.13.1 Selection of Valuation Method

The Corktree Copper Project can be classified as an 'Exploration Area' mineral asset where areas of exploration interest have been outlined but significant and coherent mineralisation intersections and volumes have yet to be identified. The commodity item of interest for exploration is primarily copper mineralisation. A reported Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has not been defined for the project. Exploration has identified two immediate targets for follow up including the Corktree Well Prospect and the Merah Prospect (located 4.5 kilometres east of Corktree). At Corktree previous drilling identified extensive near surface copper mineralisation which remains open. At the newly defined Merah Prospect, recent surface geochemical sampling has returned anomalous copper results in a rock sequence equivalent to that hosting copper mineralisation at Corktree. The new zone of copper rich gossans and ironstones (results up to 0.3% copper) is hosted in carbonate rocks and although poorly exposed can be traced over a strike length of 400m and a width of 5 to 40m. The newly identified zone strikes northwest and is orientated sub parallel to much of the previous drill lines, opening up the possibility that the previous drilling was not orientated correctly to intersect primary copper mineralised zones at Corktree. Ravensgate understands that a RC program (36 DH's) is planned for 2011 to further investigate the prospectivity of 8 separate copper targets. Ravensgate considers the project is of merit and worthy of further exploration however notes the project is at an early stage of exploration. In valuing the mineral asset of the Corktree Copper Project, Ravensgate considers the 'DCF/NPV' method inappropriate due to the lack of an Ore Reserve or Scoping/Feasibility Studies. Ravensgate has elected to apply the Multiples of Exploration Method (MEE) and Comparable Transaction Method to value the project after consideration of the various valuation methods outlined in Section 21.1.

21.5.13.2 Project Analysis - Multiple of Exploration Expenditure Method (MEE)

In valuing the exploration potential of the Corktree Copper Project Ravensgate has elected to apply the Multiple of Exploration Expenditure (MEE) method. Inspection of tenement expenditure and annual reports shows cumulative and relevant exploration expenditure since post-2008 can be deemed $0.15M. The Joint Venture was formalised in early 2006 and extended in 2009. As far as can be reasonably ascertained, this exploration expenditure is replacement costed as at January 2011. The majority of expenditure ($0.08M) relates to exploration activities while heritage surveys have also been carried out ($0.04M).

A value of $0.15M was selected for the MEE Earnings Base (EB). Ravensgate has elected to apply a Prospectivity Enhancement Multiplier (PEM) of 0.8 to 1.6 reflecting the exploration results and conclusions to date. Applying this PEM to the Earnings Base (EB) of $0.15M results in a range of provisional values for the exploration potential from $0.12M to $0.24M. A provisional value of $0.2M selected from the MEE analysis reflects exploration success and issues to date.

21.5.13.3 Project Analysis – Comparable Transactions Method

Ravensgate's analysis of the base metal related market transactions in Western Australia indicates that the implied value of early-stage, greenfield exploration projects with base metal potential generally lies in the range $2,600/km^2 to $9,200/km^2 (Table 19), which relates to approximately $0.5M to $1.8M for the 2 granted tenements covering the project (196 km^2). Ravensgate considers this range is of similar status to the project and has therefore not used higher value market transactions in Table 19. From this range a preferred value of $0.8M has been selected which recognises the conceptual nature of the exploration targets and outcome of exploration programs undertaken to date. The preferred value is at the lower end of the valuation range and moderately above the implied purchase of $0.59M on 100% terms for the initial farm-in. Ravensgate has elected to use the initial farm-in terms only for comparison.

21.5.13.4 Project Analysis – Comparison to Previous Valuation

Ravensgate was advised that an Independent Technical Valuation was completed for the Blue Rose – Olary and Corktree Projects in March 2010 by SRK Consulting (Williams, 2010). The valuation for the Corktree Project (current at March 2010) is reproduced below in Table 22.

Table 22 Project Technical Valuation Summary by SRK Consulting as at March 2010 (after Williams, 2010).					
Project	**Locality**	**PacMag Equity Interest**	**Valuation**		
			Low A$M	**High A$M**	**Preferred A$M**
Corktree	Western Australia.	7.3%	0.0142	0.0144	0.0143
Corktree	Western Australia.	100%	0.195	0.197	0.196

21.5.13.5 Conclusion

By using the Multiples of Exploration Expenditure (MEE) Method and Comparable Transactions method for valuing a 100% interest in the exploration potential associated with the Corktree Copper Project, a range of selected provisional values from $0.2M to $0.8M can be derived. The low end of the valuation is similar to the March 2010 valuation reproduced in Table 22. Ravensgate has elected to assign a preferred value of $0.5M in the middle of the range based on the exploration work undertaken to date. In Ravensgate's opinion the provisional value reflects the project's potential which remains to be fully tested with the planned future drill programs, the uncertain nature of early stage exploration and the significant improvement in copper price trends since early 2009 (Figure 28). Ravensgate considers the relative difference between the March 2010 valuation and this valuation insignificant in the terms of the overall compiled valuation report.

21.5.14 Diorite Hill Nickel Project, Western Australia

21.5.14.1 Selection of Valuation Method

The Diorite Hill Nickel Project can be classified as an 'Exploration Area' mineral asset where areas of exploration interest have been outlined but significant and coherent mineralisation intersections and volumes have yet to be identified. The commodity item of interest for exploration is primarily nickel sulphide mineralisation. A reported Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has not been defined for the project. The majority of historical exploration is understood to have targeted Bushveld style platinum group element mineralisation within the Diorite Hill complex and little exploration has been undertaken to date for basal nickel sulphide deposits. Ravensgate considers the project is of merit and worthy of further exploration however notes the project is at a very early stage. In valuing the mineral asset of the Diorite Hill Nickel Project, Ravensgate considers the 'DCF/NPV' method inappropriate due to the lack of an Ore Reserve or Scoping/Feasibility Studies. Ravensgate has elected to apply the Multiples of Exploration Method (MEE) and Comparable Transaction Method to value the project after consideration of the various valuation methods outlined in Section 21.1.

21.5.14.2 Project Analysis - Multiple of Exploration Expenditure Method (MEE)

In valuing the exploration potential of the Diorite Hill Nickel Project Ravensgate has elected to apply the Multiple of Exploration Expenditure (MEE) method. Inspection of tenement expenditure and annual reports shows cumulative and relevant exploration expenditure since post-2000 can be deemed $0.18M. This includes 2001-2002 air-core drilling by NiWest Limited which defined a small area of nickel laterite. As far as can be reasonably ascertained, this exploration expenditure is replacement costed as at January 2011. The majority of deemed exploration expenditure ($0.11M) has been incurred since tenement grant to Giralia (2007-2008). Pre-2000 historical project expenditure has been limited in effectiveness and not included.

A value of $0.18M was selected for the MEE Earnings Base (EB). Ravensgate has elected to apply a Prospectivity Enhancement Multiplier (PEM) of 0.8 to 1.4 reflecting the exploration results and conclusions to date. Applying this PEM to the Earnings Base (EB) of $0.18M results in a range of provisional values for the exploration potential from $0.14M to $0.25M. A provisional value of $0.20M selected from the MEE analysis reflects exploration success and issues to date.

21.5.14.3 Project Analysis – Comparable Transactions Method

Ravensgate's analysis of the base metal related market transactions in Western Australia indicates that the implied value of early-stage, greenfield exploration projects with base metal potential generally lies in the range $2,600/km^2 to $9,200/km^2 (Table 19), which relates to approximately $0.27M to $0.96M for the 2 granted tenements covering the project (104 km^2). Ravensgate considers this range is of similar status to the project and has therefore not used higher value market transactions in Table 19. From this range a preferred value of $0.30M has been selected which recognises the conceptual nature of the exploration targets and outcome of exploration programs undertaken to date. The preferred value is at the lower end of the valuation range.

21.5.14.4 Conclusion

By using the Multiples of Exploration Expenditure (MEE) Method and Comparable Transactions method for valuing a 100% interest in the exploration potential associated with the Diorite Hill Nickel Project, a range of selected provisional values from $0.20M to $0.30M can be derived. Ravensgate considers the Diorite Hill project is of merit and worthy of further exploration however notes the project is at an early stage of exploration. Ravensgate has elected to assign a preferred value of $0.25M in the middle of the range, recognising mineral asset prospects and the exploration drilling and geological work outlined to date. In Ravensgate's opinion the provisional value reflects the project's potential which remains to be fully tested, the uncertain nature of early stage exploration and the improvement in base metal price trends.

21.5.15 Minor Western Australian Projects

21.5.15.1 Selection of Valuation Method

The relatively Minor Western Australian Projects can be classified as an 'Exploration Area' mineral asset where areas of exploration interest have been outlined but significant and coherent mineralisation intersections and volumes have yet to be identified. The commodity item of interest for exploration is primarily iron, base metal, REE or gold mineralisation. A reported Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has not been defined for the projects. Ravensgate considers the projects are of merit and worthy of further exploration however notes the projects are at an early stage of exploration. In valuing the mineral asset of the Minor Projects, Ravensgate considers the 'DCF/NPV' method inappropriate due to the lack of an Ore Reserve or Scoping/Feasibility Studies. Ravensgate has elected to apply the Comparable Transaction Method to value the project after consideration of the various valuation methods outlined in Section 21.1.

21.5.15.2 Project Analysis – Comparable Transactions Method (Minor Projects)

Ravensgate has examined Western Australian market transactions at the lower range of particularly early-stage, greenfield exploration projects for the relevant commodities and elected to use a range of $150/km^2 to $2,100/km^2, which relates to approximately $0.3M to $4.4M for the granted tenements of the minor projects (2,081.48km^2). The range has taken from the low-value Western Australian market transactions listed Table 15, Table 17 and Table 19. In Ravensgate's opinion these low-value transactions are of similar status to Giralia's minor project list of tenements. From this range a preferred value of $1.5M has been selected which recognises the outcome of exploration programs undertaken to date and is moderately above yearly tenement rent and minimum expenditure requirements ($0.9M).

21.6 Valuation Summary

Ravensgate has concluded the Western Australian and South Australian Projects are of merit (although at varying stages of exploration and subsequent Mineral Asset classification), and worthy of further exploration. A summary of the Australian project valuation in 100% terms is provided in Table 23. The applicable valuation date is 5 January 2011 and is derived from the Insitu Yardstick, Multiples of Exploration Expenditure (MEE) and Comparable Transactions valuation methods. The value of a 100% ownership interest in the listed Projects is considered to lie in a range from $49M to $109M, within which range Ravensgate has selected a preferred value of $75M. A summary of the Australian project valuation in 100% or joint venture (JV) terms where applicable is provided in Table 24. The value of Giralia ownership in the listed Projects is considered to lie in a range from $44M to $102M, within which range Ravensgate has selected a preferred value of $69M. Note that Ravensgate was not requested to provide a valuation for the more advanced projects (McPhee Cree, Daltons-Mt Webber and Yerecoin Iron Projects).

Table 23 Giralia Resources NL – Project Technical Valuation Summary in 100% Ownership terms for Western and South Australian Projects.					
Project	**Mineral Asset**	**Ownership 100%**	**Valuation**		
			Low $M	**High $M**	**Preferred $M**
Western Creek Iron, WA.	Advanced Exploration Area.	100%	27.9	62.9	45.4
Anthiby Well Iron, WA.	Advanced Exploration Area.	100%	5.8	13.1	6.3
Earaheedy Iron, WA.	Exploration Area.	100%	2.3	3.2	2.8
Beebyn Iron, WA.	Advanced Exploration Area.	100%	1.4	3.6	3.0
Lake Frome Uranium, SA.	Exploration Area.	100%	3.9	4.4	4.2
Snake Well Gold, WA.	Advanced Exploration Area.	100%	2.7	5.8	4.25
Snake Well – Conquistador Base Metals, WA.	Exploration Area.	100% diluting	1.2	4.3	1.9
Munro Bore Gold, WA.	Exploration Area.	100%	0.15	0.61	0.38
Munro Bore Gold, WA.	Advanced Exploration Area.	Royalty	0.20	0.29	0.24
Cookes Creek Base Metal, WA.	Exploration Area.	100%	0.65	0.96	0.81
Blue Rose-Olary Base Metals, SA.	Exploration Area.	100%	0.66	2.09	1.8
Yuinmery Gold, WA.	Exploration Area.	100%	0.8	1.35	1.1
Mt Harris Nickel / Gold, WA.	Exploration Area (19% of Project).	100%	0.05	0.12	0.08
Kathleen Valley Nickel / Gold, WA.	Exploration Area (81% of Project).	100%	0.20	0.51	0.36
Corktree Copper, WA.	Exploration Area.	100% diluting	0.20	0.80	0.50
Diorite Hill Nickel, WA.	Exploration Area.	100%	0.20	0.30	0.25
Minor Projects, WA.	Exploration Area.	100%	0.30	4.40	1.50
Combined Australian Projects	**All listed projects**	**100%**	**49**	**109**	**75**

The combined valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

Table 24 Giralia Resources NL – Project Technical Valuation Summary in Giralia Ownership terms for Western and South Australian Projects.

Project	Mineral Asset	Giralia Ownership	Valuation		
			Low $M	High $M	Preferred $M
Western Creek Iron, WA.	Advanced Exploration Area.	100%	27.90	62.90	45.40
Anthiby Well Iron, WA.	Advanced Exploration Area.	100%	5.80	13.10	6.30
Earaheedy Iron, WA.	Exploration Area.	100%	2.30	3.20	2.80
Beebyn Iron, WA.	Advanced Exploration Area.	100%	1.40	3.60	3.00
Lake Frome Uranium, SA.	Exploration Area.	25%	0.98	1.10	1.05
Snake Well Gold, WA.	Advanced Exploration Area.	100%	2.70	5.80	4.25
Snake Well – Conquistador Base Metals, WA.	Exploration Area.	100% diluting	1.20	4.30	1.90
Munro Bore Gold, WA.	Exploration Area.	100%	0.15	0.61	0.38
Munro Bore Gold, WA.	Advanced Exploration Area.	Royalty	0.20	0.29	0.24
Cookes Creek Base Metal, WA.	Exploration Area.	30%	0.20	0.29	0.24
Blue Rose-Olary Base Metals, SA.	Exploration Area.	49%	0.32	1.02	0.88
Yuinmery Gold, WA.	Exploration Area.	24%	0.19	0.32	0.26
Mt Harris Nickel / Gold, WA.	Exploration Area.	26%	0.01	0.03	0.02
Kathleen Valley Nickel / Gold, WA.	Exploration Area.	13%	0.03	0.07	0.05
Corktree Copper, WA.	Exploration Area.	100% diluting	0.20	0.80	0.50
Diorite Hill Nickel, WA.	Exploration Area.	100%	0.20	0.30	0.25
Minor Projects, WA.	Exploration Area.	100%	0.30	4.40	1.50
Combined Australian Projects	**All listed projects**	**% Giralia**	**44**	**102**	**69**

The combined valuation has been compiled to an appropriate level of precision and minor rounding errors may occur. Giralia is uncertain whether it still holds the rights to certain gold, copper and cobalt tenements in Chile, South America and it therefore no longer recognises a value for these assets on its balance sheet. Accordingly, Ravensgate has assigned a nil value for these assets on consideration of the uncertainty surrounding their ownership by Giralia.

22. TENEMENT DETAILS

Table 25 Project Tenement Details for Western and South Australia

PROJECT	TENEMENT ID	% GIRALIA	MANAGER	EXPIRY DATE	Area (km^2)	RENT	EXPENDITURE COMITTMENT	TARGET COMMODITY
McPhee Creek,	E46/732	100%	Giralia	31-Jan-13	140	$8,290.92	$44,000.00	Iron
WA.	E46/733-I	100%	Giralia	31-Oct-12	51	$3,014.88	$30,000.00	Iron
	E46/802	100%	Giralia	14-Feb-15	66	$2,543.31	$21,000.00	Iron
	E45/3559	100%	Giralia	22-Sep-15	3	$291.72	$10,000.00	Iron
	GRANTED	**100%**			**260**			**Iron**
Daltons	E45/2186-I	75%	Giralia	04-Mar-11	107	$16,467.22	$102,000.00	Iron
(Mt Webber),	E45/2187-I	75%	Giralia	24-Mar-11	104	$15,982.89	$99,000.00	Iron
WA.	E45/2921	75%	Giralia	28-Nov-12	72	$4,333.89	$34,500.00	Iron
	E45/2922-I	75%	Giralia	09-Jul-13	101	$6,029.76	$32,000.00	Iron
	E45/3703	Pending	Giralia	Pending	6	--	$0.00	Iron
	M45/1197	Pending	Giralia	Pending	167	--	$0.00	Iron
	P45/2561	75%	Giralia	13-May-14	19	$415.80	$7,200.00	Iron
	P45/2702	75%	Giralia	27-Nov-12	5	$120.12	$2,080.00	Iron
	GRANTED	**75%**			**408**			**Iron**
Yerecoin,	E70/2733-I	100%	Giralia	04-Dec-12	35	$2,813.25	$50,000.00	Iron
WA.	E70/2784-I	100%	Giralia	14-Nov-11	79	$6,393.75	$37,500.00	Iron
	E70/3990	Pending	Giralia	Pending	221	--	--	Iron
	GRANTED	**100%**			**114**			**Iron**
Western Creek,	E52/2179	100%	Giralia	23-Apr-14	50	$1,937.76	$20,000.00	Iron
WA.	E52/1483-I	100%	Giralia	09-Feb-11	57	$8,717.94	$50,000.00	Iron
	E52/1604-I	100%	Giralia	08-Aug-12	41	$3,324.75	$50,000.00	Iron
	E52/1911-I	100%	Giralia	06-Jul-11	3	$291.72	$10,000.00	Iron
	E52/1912-I	100%	Giralia	06-Jul-11	13	$1,023.00	$20,000.00	Iron
	E52/2389	100%	Giralia	01-Jun-15	63	$2,422.20	$20,000.00	Iron
	E52/2391	100%	Giralia	17-Jun-15	85	$3,269.97	$27,000.00	Iron
	GRANTED	**100%**			**312**			**Iron**
Anthiby Well,	E08/1275	100%	Giralia	12-May-13	98	$5,841.33	$31,000.00	Iron
WA.	E08/1464-I	100%	Giralia	11-Feb-12	16	$942.15	$20,000.00	Iron
	E08/1712-I	100%	Giralia	07-Oct-12	63	$3,768.60	$30,000.00	Iron
	E08/1964	100%	Giralia	10-May-15	19	$726.66	$20,000.00	Iron
	P08/534-I	100%	Giralia	01-Aug-11	21	$457.38	$7,920.00	Iron
	P08/535-I	100%	Giralia	01-Aug-11	21	$459.69	$7,960.00	Iron
	GRANTED	**100%**			**238**			**Iron**
Earaheedy,	E69/1768	100%	Giralia	10-Mar-12	28	$1,695.87	$30,000.00	Iron
WA.	E69/1897-I	100%	Giralia	22-Oct-11	221	$17,902.50	$105,000.00	Iron
	E69/2072-I	100%	Giralia	22-Oct-11	221	$17,902.50	$105,000.00	Iron
	E69/2289-I	100%	Giralia	23-Nov-13	107	$6,406.62	$34,000.00	Iron
	E69/2542	Pending	Giralia	Pending	6			Iron
	GRANTED	**100%**			**577**			**Iron**
Beebyn,	E20/466	100%	Giralia	06-Aug-11	9	$767.25	$20,000.00	Iron
WA.	E20/649	100%	Giralia	19-Nov-13	13	$753.72	$15,000.00	Iron
	E51/1049	100%	Giralia	01-Aug-11	13	$1,023.00	$20,000.00	Iron

Table 25 Project Tenement Details for Western and South Australia

PROJECT	TENEMENT ID	% GIRALIA	MANAGER	EXPIRY DATE	Area (km^2)	RENT	EXPENDITURE COMITTMENT	TARGET COMMODITY
	E51/916-I	100%	Giralia	10-Feb-13	214	$12,813.24	$68,000.00	Iron
	E51/933-I	100%	Giralia	28-Jun-11	60	$4,859.25	$30,000.00	Iron
	GRANTED	**100%**			**309**			**Iron**
Lake Frome,	EL3934	25%	Heathgate	23-Oct-11	691	$5,666.20	$190,000	Uranium
SA.	EL3935	25%	Heathgate	23-Oct-11	1406	$11,529.20	$330,000	Uranium
	GRANTED	**25%**			**2,097**			**Uranium**
Snake Well	E59/1123	100% Gold	GIR 100% Gold ZNC 75% Non-Gold	28-Jun-12	47	$3,836.25	$50,000.00	Gold, Base Metals
(Carlinga Well)	E59/1133-I	100% Gold	GIR 100% Gold ZNC 75% Non-Gold	07-Mar-11	57	$4,603.50	$30,000.00	Gold, Base Metals
(Conquistador),	E59/1207	100% Gold	GIR 100% Gold ZNC 75% Non-Gold	18-Sep-13	3	$291.72	$10,000.00	Gold, Base Metals
WA.	E59/1344	100% Gold	GIR 100% Gold ZNC 75% Non-Gold	18-Nov-13	129	$7,725.63	$41,000.00	Gold, Base Metals
	E59/1441	PENDING		PENDING	57			
	E59/1600	100% Gold	GIR 100% Gold ZNC 75% Non-Gold	21-Oct-15	183	$7,024.38	$58,000.00	Gold, Base Metals
	E59/1701	PENDING		PENDING	85			
	E59/467	100% Gold	GIR 100% Gold ZNC 75% Non-Gold	24-May-02	14.5	$2,421.65	$50,000.00	Gold, Base Metals
	M59/41	100% Gold	GIR 100% Gold ZNC 75% Non-Gold	14-Sep-28	5.58	$8,900.10	$55,800.00	Gold, Base Metals
	M59/474	PENDING		PENDING	10			
	M59/476	PENDING		PENDING	10			
	M59/477	PENDING		PENDING	10			
	M59/564	PENDING		PENDING	8.49			
	M59/565	PENDING		PENDING	6.06			
	P59/1229	100% Gold	GIR 100% Gold ZNC 75% Non-Gold	27-Sep-95	1.22	$281.82	$4,880.00	Gold, Base Metals
	P59/1230	100% Gold	GIR 100% Gold ZNC 75% Non-Gold	27-Sep-95	1.47	$339.57	$5,880.00	Gold, Base Metals
	P59/1231	100% Gold	GIR 100% Gold ZNC 75% Non-Gold	27-Sep-95	1.87	$431.97	$7,480.00	Gold, Base Metals

Table 25 Project Tenement Details for Western and South Australia								
PROJECT	TENEMENT ID	% GIRALIA	MANAGER	EXPIRY DATE	Area (km^2)	RENT	EXPENDITURE COMITTMENT	TARGET COMMODITY
	P59/1232	100% Gold	GIR 100% Gold ZNC 75% Non-Gold	27-Sep-95	1.73	$399.63	$6,920.00	Gold, Base Metals
	P59/1233	100% Gold	GIR 100% Gold ZNC 75% Non-Gold	27-Sep-95	1.88	$434.28	$7,520.00	Gold, Base Metals
	P59/1234	100% Gold	GIR 100% Gold ZNC 75% Non-Gold	27-Sep-95	1.86	$429.66	$7,440.00	Gold, Base Metals
	P59/1240	100% Gold	GIR 100% Gold ZNC 75% Non-Gold	27-Sep-95	1.49	$344.19	$5,960.00	Gold, Base Metals
	P59/1241	100% Gold	GIR 100% Gold ZNC 75% Non-Gold	27-Sep-95	1.68	$388.08	$6,720.00	Gold, Base Metals
	P59/1242	100% Gold	GIR 100% Gold ZNC 75% Non-Gold	27-Sep-95	1.65	$381.15	$6,600.00	Gold, Base Metals
	P59/1243	100% Gold	GIR 100% Gold ZNC 75% Non-Gold	27-Sep-95	1.68	$388.08	$6,720.00	Gold, Base Metals
	P59/1244	100% Gold	GIR 100% Gold ZNC 75% Non-Gold	27-Sep-95	1.81	$418.11	$7,240.00	Gold, Base Metals
	P59/1245	100% Gold	GIR 100% Gold ZNC 75% Non-Gold	27-Sep-95	1.68	$388.08	$6,720.00	Gold, Base Metals
	P59/1246	100% Gold	GIR 100% Gold ZNC 75% Non-Gold	27-Sep-95	1.67	$385.77	$6,680.00	Gold, Base Metals
	P59/1247	100% Gold	GIR 100% Gold ZNC 75% Non-Gold	27-Sep-95	1.67	$385.77	$6,680.00	Gold, Base Metals
	P59/1248	100% Gold	GIR 100% Gold ZNC 75% Non-Gold	27-Sep-95	1.67	$385.77	$6,680.00	Gold, Base Metals
	P59/1249	100% Gold	GIR 100% Gold ZNC 75% Non-Gold	27-Sep-95	1.67	$385.77	$6,680.00	Gold, Base Metals
	P59/1250	100% Gold	GIR 100% Gold ZNC 75% Non-Gold	27-Sep-95	1.67	$385.77	$6,680.00	Gold, Base Metals

Table 25 Project Tenement Details for Western and South Australia

PROJECT	TENEMENT ID	% GIRALIA	MANAGER	EXPIRY DATE	Area (km^2)	RENT	EXPENDITURE COMITTMENT	TARGET COMMODITY
	P59/1251	100% Gold	GIR 100% Gold ZNC 75% Non-Gold	27-Sep-95	1.67	$385.77	$6,680.00	Gold, Base Metals
	P59/1697	PENDING		PENDING	0.7			
	P59/1708	PENDING		PENDING	0.27			
	P59/1906	100%	Giralia	17-Aug-13	0.46	$3,836.25	$50,000.00	Gold.
	GRANTED	100%			469.58			Gold
	GRANTED	25%			469.12			Base Metals
Munro Bore, WA.	M51/338*	Royalty	GIR / Private	30-Jan-11*	3.99	$6,380.00	$40,000.00	Gold
	E51/1063	100%	Giralia	26-Oct-14	50	$1,937.76	$20,000.00	Gold
Cookes Creek,	E45/3177	30%	Hazelwood	14-Oct-13	101	$6,029.76	$32,000.00	Base Metals
WA.	E46/562	30%	Hazelwood	15-Feb-11	11	$16,951.55	$70,000.00	Base Metals
	E46/761	30%	Hazelwood	14-Apr-14	9	$363.33	$15,000.00	Base Metals
	GRANTED	30%			121			Base Metals
Blue Rose-Olary,	EL3848	49%	PacMag	18-Jul-12	996			Copper
SA.	EL3849	49%	PacMag	18-Jul-12	84			Copper
	GRANTED	49%			1,080			Copper
Yuinmery,	E57/514*	24%	La Mancha	05-Oct-10*	66	$10,170.93	$70,000.00	Gold
WA.	E57/524	24%	La Mancha	26-Mar-12	57	$8,717.94	$70,000.00	Gold
	E57/681	24%	La Mancha	04-Jun-13	41	$2,449.59	$20,000.00	Gold
	P57/1130	24%	La Mancha	26-Nov-12	5	$103.95	$2,000.00	Gold
	P57/1131	24%	La Mancha	26-Nov-12	15	$341.88	$5,920.00	Gold
	GRANTED	24%			184			Gold
Mt Harris,	M36/162	26%	Xstrata	05-Nov-31	1.21	$1,945.90	$12,200.00	Gold, Nickel
WA (6.76km²)	M36/176	26%	Xstrata	03-Apr-11	2.62	$4,178.90	$26,200.00	Gold, Nickel
	M36/328	26%	Xstrata	03-May-20	2.93	$4,673.35	$29,300.00	Gold, Nickel
Kathleen Valley,	M36/264	13%	Xstrata	27-Jun-14	0.79	$1,276.00	$10,000.00	Gold, Nickel
WA (28.18km²).	M36/265	13%	Xstrata	27-Jun-14	1.02	$1,642.85	$10,300.00	Gold, Nickel
	M36/266	13%	Xstrata	27-Jun-14	5.34	$8,517.30	$53,400.00	Gold, Nickel
	M36/365	13%	Xstrata	03-May-20	0.2	$319.00	$10,000.00	Gold, Nickel
	M36/376	13%	Xstrata	03-May-20	1.21	$1,945.90	$12,200.00	Gold, Nickel
	M36/441	13%	Xstrata	03-May-20	6.79	$10,846.00	$68,000.00	Gold, Nickel
	M36/459	13%	Xstrata	03-May-20	3.4	$5,423.00	$34,000.00	Gold, Nickel
	M36/460	13%	Xstrata	03-May-20	9.43	$15,040.85	$94,300.00	Gold, Nickel
	GRANTED	13%			34.94			Gold, Nickel
Corktree,	E52/2056	49%	PacMag	18-Sep-13	96.8	3996.63	33000	Copper
WA.	E52/2057	49%	PacMag	18-Sep-13	99.2	4117.74	34000	Copper
	GRANTED	49%			196			Copper
Diorite Hill,	E38/1430	100%	Giralia	31-Oct-12	50	$3,014.88	$30,000.00	Nickel
WA.	E38/1925	100%	Giralia	03-Jun-13	54	$3,203.31	$20,000.00	Nickel
	GRANTED	100%			104			Nickel
MINOR								

Table 25 Project Tenement Details for Western and South Australia								
PROJECT	TENEMENT ID	% GIRALIA	MANAGER	EXPIRY DATE	Area (km^2)	RENT	EXPENDITURE COMITTMENT	TARGET COMMODITY
PROJECTS, WA.								
Northam	E70/2783-I	100%	Giralia	01-Jun-14	188.7	$7,266.60	$60,000.00	Iron
Northam	E70/3346	100%	Giralia	30-Jun-15	138.38	$5,328.84	$44,000.00	Iron
Northam	E70/3938	100%	Giralia	21-Nov-15	3	$291.72	$10,000.00	Iron
Northam	E70/3937	PENDING	Giralia	PENDING	62.9			Iron
Northam	E70/3939	PENDING	Giralia	PENDING	3			Iron
Northam	E70/3940	PENDING	Giralia	PENDING	31.45			Iron
Northam	E70/3946	PENDING	Giralia	PENDING	163.5			Iron
Other Pilbara	E47/1115-I	100%	Giralia	30-May-11	53.5	$8,233.61	$50,000.00	Iron
Other Pilbara	E08/1953	100%	Giralia	14-Jun-15	179.3	$6,903.27	$57,000.00	Iron
Other Pilbara	E52/1707-I	100%	Giralia	19-Jul-11	3	$255.75	$10,000.00	Iron
Other Pilbara	E52/2272	100%	Giralia	19-Oct-14	25.2	$968.88	$20,000.00	Iron
Other Pilbara	E52/2295	100%	Giralia	20-Dec-14	12.6	$484.44	$15,000.00	Iron
Other Pilbara	E52/2301	100%	Giralia	19-Oct-15	25.2	$968.88	$20,000.00	Iron
Other Pilbara	E52/1513	100%	Giralia	26-Jun-10	28.3	$2,301.75	$50,000.00	Iron
Other Pilbara	E52/1876	100%	Giralia	04-Apr-12	3	$188.43	$10,000.00	Iron
Other Pilbara	E52/2097	100%	Giralia	04-Nov-13	213.9	$12,813.24	$68,000.00	Iron
Other Pilbara	E52/2419	100%	Giralia	12-May-15	3	$291.72	$10,000.00	Iron
Other Pilbara	E52/2420	100%	Giralia	12-May-15	3	$291.72	$10,000.00	Iron
Other Pilbara	E52/2421	100%	Giralia	12-May-15	12.6	$484.44	$15,000.00	Iron
Other Pilbara	E52/2422	100%	Giralia	12-May-15	12.6	$484.44	$15,000.00	Iron
Other Pilbara	E47/2113	100%	Giralia	16/12/2010	25.2	$862.40	$20,000.00	Iron
Other Pilbara	E47/1241-I	100%	Giralia	16-Oct-11	12.6	$1,023.00	$20,000.00	Iron
Other Pilbara	E52/2224	100%	Giralia	10-May-14	110	$4,238.85	$35,000.00	Iron
Other Pilbara	E52/2354	100%	Giralia	17-Jun-15	25.2	$968.88	$20,000.00	Iron
Other Pilbara	E52/2390	100%	Giralia	17-Jun-15	103.8	$3,996.63	$33,000.00	Iron
Other Pilbara	E52/1414	100%	Giralia	12-Oct-13	151	$9,044.64	$48,000.00	Iron
Other Pilbara	E47/1501	PENDING	Giralia	PENDING	220			Iron
Other Pilbara	E47/1502	PENDING	Giralia	PENDING	201.28			Iron
Other Pilbara	E08/2070	PENDING	Giralia	PENDING	22			Iron
Other Pilbara	E47/2079	PENDING	Giralia	PENDING	31.45			Iron
Other Pilbara	E47/2087	PENDING	Giralia	PENDING	28.3			Iron
Other Pilbara	E47/2136	PENDING	Giralia	PENDING	12.6			Iron
Other Pilbara	E47/2191	PENDING	Giralia	PENDING	122.7			Iron
Other Pilbara	E47/2192	PENDING	Giralia	PENDING	113.2			Iron
Other Pilbara	E47/2212	PENDING	Giralia	PENDING	34.6			Iron
Other Pilbara	E47/2339	PENDING	Giralia	PENDING	78.6			Iron
Other Pilbara	E47/2413	PENDING	Giralia	PENDING	53.5			Iron
Other Pilbara	E52/2271	PENDING	Giralia	PENDING	50.3			Iron
Other Pilbara	E52/2371	PENDING	Giralia	PENDING	3			Iron
Other Pilbara	E52/2577	PENDING	Giralia	PENDING	12.6			Iron
Other Pilbara	E52/2578	PENDING	Giralia	PENDING	9.4			Iron
Other Pilbara	P51/2628	PENDING	Giralia	PENDING	1.97			Iron
Other Pilbara	E45/2612	PENDING	Giralia	PENDING	188.7			Iron

Table 25 Project Tenement Details for Western and South Australia								
PROJECT	**TENEMENT ID**	**% GIRALIA**	**MANAGER**	**EXPIRY DATE**	**Area (km^2)**	**RENT**	**EXPENDITURE COMITTMENT**	**TARGET COMMODITY**
Other Pilbara	E46/565	PENDING	Giralia	PENDING	220			Base Metals
Other Pilbara	E46/579	PENDING	Giralia	PENDING	6.3			Base Metals
Other Pilbara	E46/585	PENDING	Giralia	PENDING	217			Base Metals
Yangibana	E09/1484	100%	Giralia	08-Jun-14	154.1	$5,934.39	$49,000.00	REE
Avoca Downs	E28/1669	100%	Giralia	11-Dec-12	81.8	81.8	$4,899.18	Gold
Avoca Downs	E28/1843	100%	Giralia	08-Feb-14	163.5	163.5	$6,297.72	Gold
Avoca Downs	E25/338	100%	Giralia	07-Jan-13	75.5	75.5	$4,522.32	Gold
Avoca Downs	E28/1667	100%	Giralia	11-Dec-12	31.4	31.4	$1,884.30	Gold
Avoca Downs	E28/1668	100%	Giralia	11-Dec-12	94.3	94.3	$5,652.90	Gold
Avoca Downs	E28/1670	100%	Giralia	11-Dec-12	103.8	103.8	$6,218.19	Gold
Cardinals	E45/2984	100%	ZNC	05-Feb-13	44	$2,638.02	$20,000.00	Base Metals
	GRANTED	**100%**			**2,081.48**			**ALL**

Note a "-I" suffix to the Tenement ID refers to where the Minister for Western Australia has approved Iron Ore Rights to that tenement. Only granted tenements representing Giralia's owned mineral assets are compiled for total project tenement area. Minor rounding errors may occur for project tenement areas. The target commodity field lists the primary type of mineralisation of exploration interest. Note an extension of term for E57/514 was applied for on 20th September 2010. For the purposes of this report Ravensgate assumes the application for tenement extension will be successful. Ravensgate understands discussion for tenement extension of M51/338 is in progress.

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24. GLOSSARY

Aeromagnetic	A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations of the Earth's magnetic field.
Aircore (AC)	Drilling method employing a drill bit that yields sample material which is delivered to the surface inside the rod string by compressed air.
Alluvium	Clay silt, sand, gravel, or other rock materials transported by flowing water and deposited in comparatively recent geologic time as sorted or semi-sorted sediments in riverbeds, estuaries, and flood plains, on lakes, shores and in fans at the base of mountain slopes and estuaries.
Alteration	The change in the mineral composition of a rock, commonly due to hydrothermal activity.
Assay	A procedure where the element composition of a rock soil or mineral sample is determined.
Bank cubic metre (BCM)	A cubic metre of material in-situ.
Base metals	A non-precious metal, usually referring to copper, lead and zinc.
Beneficiable ore (BFO)	Material that can be processed and upgraded to produce a saleable concentrate.
BIF	A rock consisting essentially of iron oxides and cherty silica and possessing a marked banded appearance.
Canga	A recemented detrital iron ore mineralised deposit.
CAPEX	Capital expenditure.
CMS	Magnetic separation circuit.
Concentrate	A product containing valuable metal from which most of the waste material has been eliminated (in this case high grade magnetite or hematite).
Density	Mass of material per unit volume.
Diamond drilling	A method of obtaining a cylindrical core of rock by drilling with a diamond impregnated bit.
Direct ship ore (DSO)	Material of sufficient grade and quality that little processing is required to produce a saleable product.
Dmt	Dry metric tonne.
DTR	Davis Tube Recovery, a test to measure the weight recovery of magnetite from iron ore.
Excavator	A mining unit which excavates material in an open pit and loads it into a truck or other materials handling unit.
Ferricrete	A mineral conglomerate consisting of surficial sand and gravel cemented into a hard mass by iron oxide derived from the oxidation of percolating solutions of iron salts.
g/t	Grams per tonne.
Geophysical	Pertains to the physical properties of a rock mass.
Gravity separation	The recovery of minerals utilising variances in specific gravity to separate the minerals (in this case non-magnetic hematite).

Hematite	A common iron ore, natural iron oxide that is reddish or brown in colour.
Hydrothermal	A term applied to hot aqueous solution having temperatures up to 400º C which may transport metals and minerals in solution.
Ironstone	A rock formed by cemented iron oxides.
Jig feed (Jig)	Material contaminated with dilutants which may be economically recoverable through gravity separation.
Joint venture	A business agreement between two or more commercial entities.
Laterite	A cemented residuum of weathering, generally leached in silica with a high alumina and/or iron content.
Limonite	General term for mixtures of hydrated iron oxides and iron hydroxides.
Magnetic anomaly	Zone where the magnitude and orientation of the earth's magnetic field differs from adjacent areas.
Magnetite	A ferromagnetic mineral form of iron oxide (Fe_2O_3).
Metal recovery	The percentage of metal recovered after processing.
Mineralisation	A geological concentration minerals or elements of prospective economic interest.
Mining recovery	The percentage of ore recovered during mining.
Moz	Millions of ounces.
Mt	Million Tonnes.
Open pit	A mine working or excavation open to the surface.
OPEX	Operating expenditure.
Percussion drilling	Drilling method of where rock is broken by the hammering action of a drill bit.
Pisolitic	Describes the prevalence of rounded manganese, iron or alumina-rich chemical concretions, frequently comprising the upper portions of a laterite profile.
ppb	Parts per billion; a measure of low level concentration.
Quartz	Mineral species composed of crystalline silica (SiO_2).
RAB drilling	A relatively inexpensive and less accurate drilling technique (compared to RC drilling) involving the collection of sample returned by compressed air from outside the drill rods.
Radiometric	Geophysical technique measuring emission from radioactive isotopes.
RC drilling	Reverse Circulation drilling, whereby rock chips are recovered by airflow returning inside the drill rods, rather than outside, thereby returning more reliable samples.
Reconnaissance	An examination or survey of a region in reference to its general geological character.
Rock chip sampling	The collection of rock specimens for mineral analysis.
Roll front	A uranium deposit that forms where groundwater in permeable sandstone or conglomerate encounters the interface between oxidizing and reducing conditions.
Shovel	A mining unit which excavates material in an open pit and loads it into a truck or other materials handling unit.
Spot price	Current delivery price of a commodity traded in the spot market.
Veins	A thin infill of a fissure or crack, commonly bearing quartz.
Waste	Material which does not contain minerals of economic merit.

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