

9 September 2010

ASX ANNOUNCEMENT

FURTHER INCREASE TO JORC REPORTED MINERAL RESOURCE ESTIMATE FOR MCPHEE CREEK MAIN RANGE DEPOSIT

- Further increase to JORC reported Inferred Mineral Resource estimate for Giralia's 100% owned McPhee Creek main range deposit.
- New Inferred Mineral Resource estimate 210 million tonnes @ 56.2% Fe (62.1% CaFe).
- The new estimate incorporates drilling results for the main range reported up to 9 August 2010.
- Drilling continues with 2 RC rigs testing resource growth targets.
- Further assay results from ongoing drilling should be received in the next week, with another resource update anticipated in October.
- The deposit is near-surface, and potentially within road haulage distance of Port Hedland.
- Exploration Target# 250 to 350 million tonnes @ 56-60% Fe.

The Directors of Giralia Resources NL ("Giralia") are pleased to report a further increase to the JORC reported Inferred Mineral Resource at the Company's 100% owned McPhee Creek main range iron ore discovery, located within potential road haulage distance 220 km south-east of Port Hedland in the Pilbara region of Western Australia.

The resource upgrade covers results reported to ASX up to 9 August 2010 (up to and including drillhole RCMC300) at the main range deposit at McPhee Creek. Drilling continues with 2 RC rigs in operation testing resource growth targets. The new Inferred Mineral Resource at McPhee Creek main range is **210 million tonnes @ 56.2 % Fe**. This represents a 30% increase over the interim resource of 161.4 million tonnes announced 26 July 2010. Internationally recognised geological consultants CSA Global Pty Ltd (CSA) were commissioned by Giralia to complete the updated resource estimate for the McPhee Creek deposit.

Giralia Resources - Mineral Resource Estimate - McPhee Creek Main Range Deposit as at 8 Sept 2010								
Deposit Cut-off Grade	Category	Tonnes (Mt)	Fe %	P %	SiO ₂ %	Al ₂ O ₃ %	LOI %	CaFe %
Main Range Total > 50 % Fe	Inferred	210	56.2	0.12	6.54	2.4	9.5	62.1

Note: The Mineral Resource was estimated within constraining wireframe solids based on a nominal lower cut-off grade of 50% Fe. The resource is quoted from blocks above the specified cut-off grade % Fe. Calcined Iron grade (CaFe) is a measure of iron content upon removal of volatiles (i.e. LOI). Differences may occur due to rounding.

Giralia's Chairman Graham Riley commented;

"This is another pleasing result from McPhee Creek, where we are confident that ongoing drilling will add further tonnes. With a rapidly growing iron ore resource base, and well located projects, in some cases adjoining deposits held by existing producers, we have a number of development options to assess. Giralia has consistently maintained its independence in a sector where almost all of its competitors have chosen relatively early in the exploration phase to enter into agreements with end users, commonly trading offtake as a condition of a relatively modest capital raising. These "handcuff" deals have generally not included development funding, and have resulted in a loss of control and a loss of potential broader market interest due to the inability to access minerals produced. Despite numerous expressions of interest in its iron ore prospects and offtake, Giralia intends to maintain its independence until its development pathway is clear."

Background Information- McPhee Creek discovery

Giralia discovered the main range deposit at McPhee Creek in September 2009, located within potential trucking distance ~220 km south-east of Port Hedland, and ~50 km north of BC Iron Limited/ FMG's Nullagine Iron Ore JV deposits. An initial JORC Resource of **52.1 million tonnes @ 56.0%Fe** (61.7% CaFe) was announced in December 2009. On 26 July 2010 the Company announced an interim upgrade to the JORC Inferred Mineral Resource estimate for the McPhee Creek main range deposit, to **161.4 million tonnes @ 56.2 % Fe** (62.1% CaFe), incorporating partial results from a major resource drillout which commenced in late April 2010. The Company's Exploration Target# was also revised upward to 250 to 350 million tonnes @ 56-60% Fe.

The current Inferred Mineral Resource estimate for the McPhee Creek main range deposit is **210 million tonnes @ 56.2% Fe** (at 8 September 2010).

Significant results from the resource drilling program announced to ASX between May and August 2010 include; **114 metres @ 59.9% Fe (65.3% CaFe)**, **126 metres @ 55.8% Fe (61.9%CaFe)**, **96 metres (to end of hole) @ 58.6% Fe (65.1%CaFe)**, **104 metres @ 57.3% Fe (63.5%CaFe)**, **72 metres (to end of hole) @ 60.5% Fe (65.8%CaFe)**, **146 metres (to end of hole) @ 56.1% Fe (62.0%CaFe)**, **112 metres (to end of hole) @ 57.7% Fe (63.3%CaFe)**, and **100 metres @ 57.8% Fe (63.4%CaFe)**.

The Company continues to study development options at McPhee Creek, focused initially on a base case of 2mtpa via public road haulage to Port Hedland, but has expanded the Scoping Study framework to investigate off-highway road, and rail haulage, and contemplate higher mining rates of up to 10mtpa which are regarded as more appropriate for the expanding resource.

R M Joyce DIRECTOR

The information in the report that relates to in-situ Mineral Resources is based on information compiled by Mr Grant Louw of CSA Global. Mr Grant Louw takes overall responsibility for the Mineral Resource. He is a Member of the Australian Institute of Geoscientists and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2004 Edition). Mr Grant Louw consents to the inclusion of such information in this Report in the form and context in which it appears.

The information in this report that relates to Exploration Results is based on information compiled by R M Joyce, who is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of the Company. Mr Joyce has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Joyce consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The term "Exploration Target" should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves as defined by the JORC Code (2004), and therefore the terms have not been used in this context. Exploration targets are conceptual in nature, and it is uncertain if further exploration or feasibility study will result in the determination of a Mineral Resource or Ore Reserve.

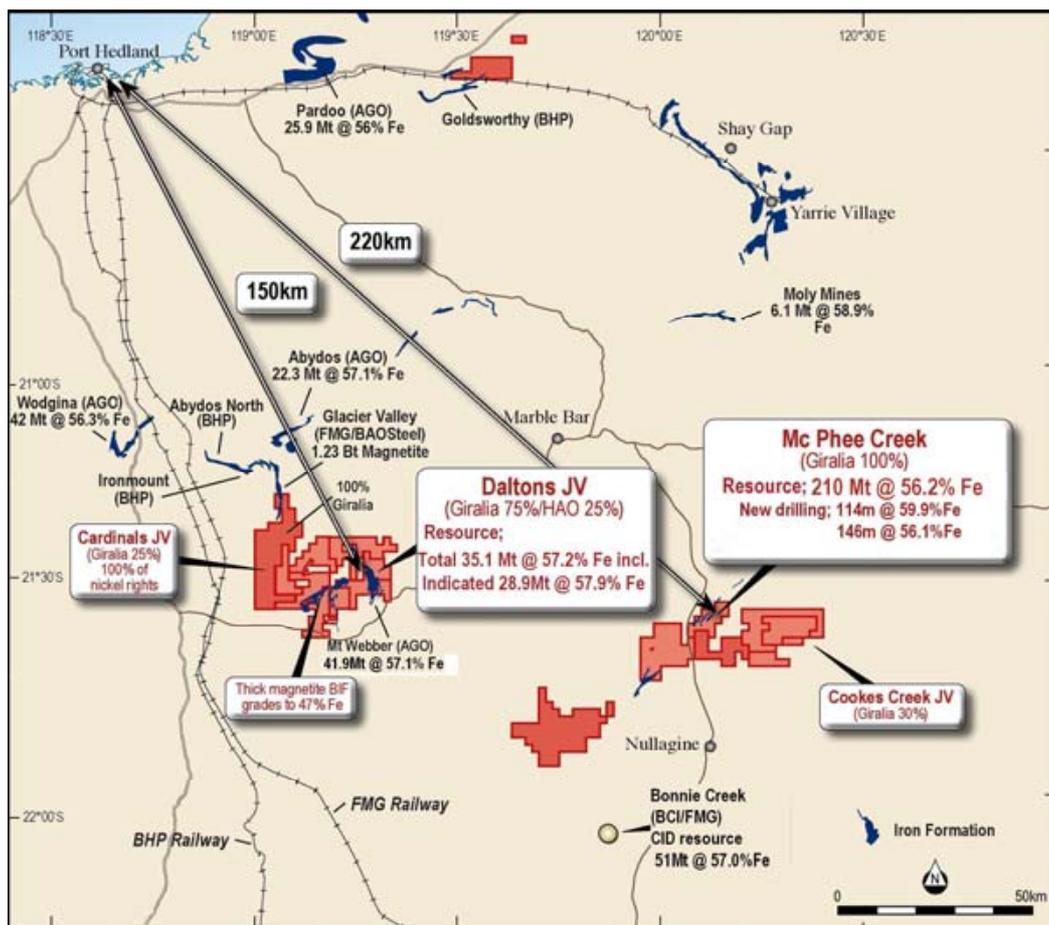


Fig.1: Location plan showing Giralia's McPhee Creek and Daltons-Mt Webber iron ore deposits

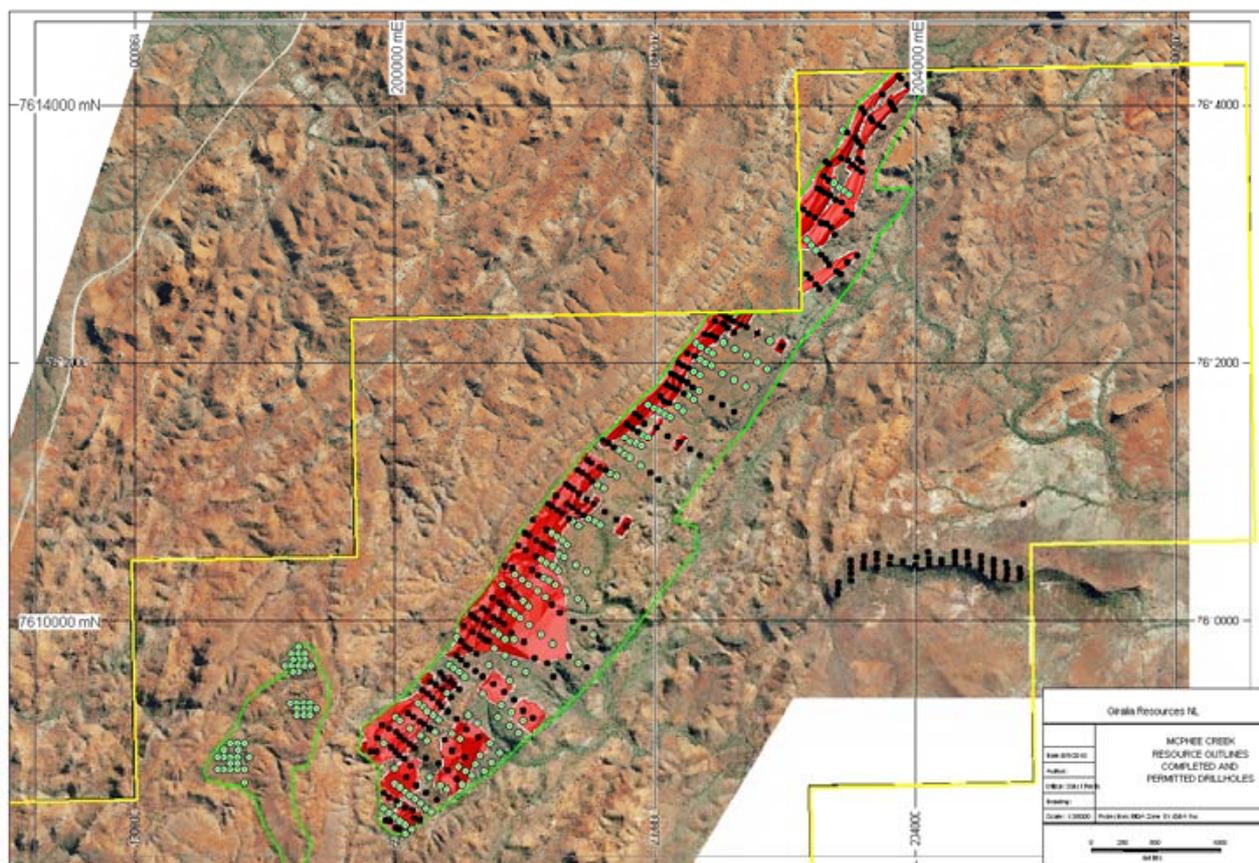


Fig.2: McPhee Creek iron ore deposit with September 2010 resource outline (red), showing completed drilling (black dots) and currently permitted resource growth drillholes (green dots)

About Giralia Resources NL

Giralia Resources NL ("ASX: GIR") is a well funded (~\$60 million cash) mineral exploration company based in Perth, Western Australia. Giralia's iron ore projects are the Company's exploration and development focus:

McPhee Creek (100%) – Hematite (Pilbara) – New hematite discovery 220km south east of Port Hedland. Drill intersections include 90 metres @ 58.6 % Fe, 46 metres @ 60.2% Fe. Inferred Mineral Resource **210 million tonnes @ 56.2% Fe (62.1%CaFe)**. Additional small CID mesa nearby 5.17 million tonnes @ 53.6% Fe (60.4%CaFe).

Daltons (75%) - Hematite (Pilbara) – Newly discovered zone of hematite, only 150 km south of Port Hedland, and 40km from FMG, BHP rail lines. Drilling 70m @ 58.4% Fe from surface, including 54m @ 60.9% Fe, 1.5%Al₂O₃. Initial Inferred Mineral Resource **35.1 million tonnes @ 57.2% Fe (62.2%CaFe)**. Scoping Study (Base Case of 2Mtpa mining and road haulage to Port Hedland, targeting production by 2nd quarter 2011) found an **NPV(10%) of A\$170 million, IRR of 53.9%**.

Western Creek (100%) – Hematite (Pilbara)– Marra Mamba iron ore as direct extensions to BHP Silver Knight deposit, only 15 km from rail at Newman. Inferred Mineral Resource **52.4 million tonnes @ 56.7% Fe**. Deposit is near surface, with several zones open ended.

Anthiby Well (100%*) -CID (Pilbara) – Channel iron deposit (CID) mesas, drill intersections include 32 metres @ 55.1%Fe including 24 metres @ 56.0%, 22 metres @ 56.3%Fe, and 18 metres @ 56.2%Fe. Initial Inferred Mineral Resource **63.5 million tonnes @ 50.5% Fe, including 37.6 million tonnes @ 53.6% Fe (59.1%CaFe)**. * subject to production royalty

Beebyn (100%) – Hematite (MidWest) – Adjoins Sinosteel Weld Range deposits. Initial Inferred Mineral Resource **7.2 million tonnes @ 57.2% Fe**. Major upside at nearby Beebynganna Hills project, where new zones of both hematite and magnetite have been discovered.

Earaheedy (100%) – Hematite (200 km S of Newman) –23 known hills with rock sample grades over 57% Fe, within 130 kilometres of iron formations on Giralia tenements, with shallow dips indicating large tonnage potential. Drilling; 20 metres @ 55.7% Fe, 8 metres @ 58.7% Fe, and 12 metres @ 57.3%Fe .

Yerecoin – Magnetite (150 km from Perth) – 1 km to railway. Initial Inferred Mineral Resource **186.8 million tonnes @ 30.9% Fe (DTR 70.1% Fe, 2.1% SiO₂, Wt Rec 32.8%)**. Coarse magnetite; excellent DTR testwork. Scoping Study on 2.5Mtpa mining and existing rail haulage to Kwinana, found a best scenario **NPV(10%) of A\$321 million, IRR of 33.8%**.

The Company also has significant other commodity interests, including the Lake Frome Joint Venture around the operating Beverley uranium mine in South Australia, and the 100% owned 170,000 ounce Snake Well gold project in Western Australia.

In addition to its strong cash balance, Giralia also holds significant stakes in several ASX listed companies (shown below), which are held largely as a result of the spin-off of independently managed and funded companies over the last 3 years. Giralia shareholders have benefited through priority IPO entitlements and in specie distributions, and ongoing exposure to upside from exploration success.

Company	ASX Code	Key Commodity	Giralia Stake
U3O8 Limited	UTO	uranium	~15%
Zinc Co Australia Limited	ZNC	zinc, iron, manganese	~12%
Carpentaria Exploration Limited	CAP	iron, coal, gold	~10%
Gascoyne Resources Limited	GCY	gold	~5.9%
Hazelwood Resources Ltd	HAZ	nickel, tungsten	~3.3%
Entrée Gold	ETG-(TSX)	copper	~1%