

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

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

ASX code: **GIR**

Activities:

Iron Ore exploration and development

Details (30 Sept '10):

Issued shares: 180.1m  
Unlisted options: 3.0m  
Mkt Cap (\$2.80): A\$504m  
Cash Sept '10: ~A\$58m  
Investments: A\$14m  
Debt: Nil

Major ASX Listed Investments:

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

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

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

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

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

Directors:

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

Senior Management:

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

Major shareholders :

Directors/family	12.6%
BlueGold Cap Mgmt	10.5%
AMCI	9.7%
Coupland Cardiff Asst	4.1%
M&G Invest. Mgmt	3.0%

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### EXPLORATION

Significant resource growth continued at the important McPhee Creek hematite discovery in the North Pilbara. Strong new drilling intersections were returned at the Homestead Marra-Mamba deposit at Western Creek. Pre-Feasibility Study work continued at the Daltons-Mt Webber DSO project and the Yerecoin magnetite project.

- **McPhee Creek Iron ore Project (100%):** Major resource drilling programs continued on the new main range discovery during the quarter. A further increase was announced to the JORC Inferred Mineral Resource estimate for the McPhee Creek main range deposit;

- **New Inferred Mineral Resource 210 million tonnes @ 56.2 % Fe (62.1% CaFe).**

Ongoing drilling continues to intersect hematite mineralisation likely to further extend the resource. Significant drilling results announced; **154 metres @ 57.8% Fe (63.1% CaFe)** including **106 metres @ 60.0% Fe (65.9%CaFe).**

- **Daltons-Mt Webber Iron Ore Project (75%):** Environmental, metallurgical and groundwater investigations progressed well as part of the Pre-Feasibility Study. Infill RC drilling allowed upgrade of resource category and confirmed the continuity of the near surface DSO mineralisation, with results including; **78 metres (to end of hole) @ 59.8% Fe, 0.11% P, 0.8% Al<sub>2</sub>O<sub>3</sub>** and **68 metres @ 60.1% Fe, 0.09% P, 1.4% Al<sub>2</sub>O<sub>3</sub>.**
  - New Indicated Mineral Resource for the Main Southern Zone of the Daltons JV's Mt Webber deposit is; **28.9 million tonnes @ 57.9% Fe, 6.69% SiO<sub>2</sub>, 1.49% Al<sub>2</sub>O<sub>3</sub>, 0.097% P and 8.17% LOI (63.05% CaFe).** Additional Inferred Resources in the Lower Zone and Northern Zone effectively unchanged at 6.2 million tonnes.

This upgraded Main Southern Zone resource will form the basis for Ore Reserve estimation and Pre-Feasibility mine engineering studies.

- **Yerecoin Iron Ore Project (100%):** Pre-Feasibility metallurgical testwork is underway, along with preliminary open pit optimisation work, and groundwater and environmental studies have been initiated. The Yerecoin magnetite deposit has a maiden JORC Inferred Mineral Resource reported on 8 July of **186.8 million tonnes @ 30.9 %Fe, (DTR Fe 70.1% Fe, 32.8% weight recovery and 2.1% SiO<sub>2</sub>),** located around 120 kilometres NNE of Perth within 1 kilometre of existing rail access.
- **Western Creek iron Ore Project (100%):** RC drilling at the Homestead prospect returned strong intersections including; **42 metres @ 59.1% Fe, 0.06% P, and 2.0% Al<sub>2</sub>O<sub>3</sub>, 24 metres @ 61.7% Fe, 0.06% P, 1.8% Al<sub>2</sub>O<sub>3</sub>** and **58 metres @ 57.9% Fe** in the Marra Mamba Formation around 10 kilometres north of the Company's current JORC resource.

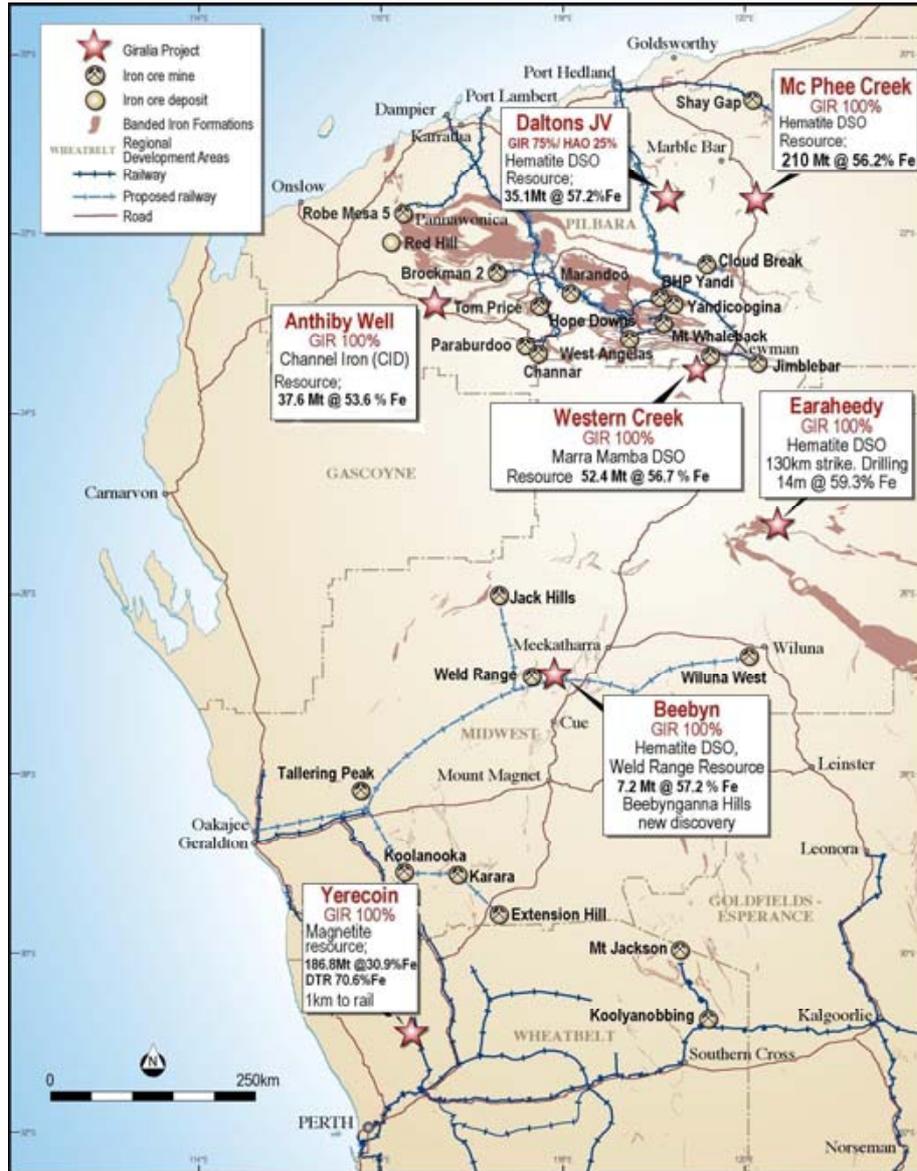


Figure 1; Location of Giralia’s Western Australian iron ore projects

Table 1 : Giralia JORC hematite Iron Ore Mineral Resources

Deposit	Tonnes (Mt)	Grade at Fe > 50%						Resource Category	Deposit Type
		Fe %	P %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	LOI %	<sup>^</sup> CaFe%		
McPhee Ck (100%) - Main	210	56.2	0.12	6.54	2.4	9.5	62.10	Inferred	DSO
McPhee Ck (100%) - CID	5.2	53.6	0.03	7.2	6.1	11.3	60.43	Inferred	CID
Western Creek (100%)	52.4	56.7	0.06	6.2	3.6	8.9	62.24	Inferred	DSO
Daltons-Mt Webber (75%)	35.1	57.2	0.089	7.81	1.5	7.99	62.16	Indicated+Inferred	DSO
Anthiby Well (100%)	37.6	53.6	0.04	7.5	4.8	9.3	59.10	Inferred	CID
Beebyn-Weld Range (100%)	7.2	57.2	0.074	8.36	3.04	5.24	60.36	Inferred	DSO
<b>GRAND TOTAL</b>	<b>347.5</b>	<b>56.1</b>	<b>0.096</b>	<b>6.77</b>	<b>2.82</b>	<b>9.17</b>	<b>61.74</b>	<b>Indicated+Inferred</b>	<b>DSO,CID</b>

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

Table 2 : Giralia JORC magnetite Iron Ore Mineral Resources

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

DTR Grind size approximately 95% passing 75 microns.

## CORPORATE

At 30 September 2010, the Company had a total of approximately \$58 million in cash on deposit plus interest accrued on maturing term deposits.

## EXPLORATION

### **IRON ORE PROJECTS**

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

Giralia discovered hematite-goethite mineralisation along the 8 kilometre main range at MCPhee Creek in September 2009. The deposit is 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.

Evaluation of the MCPhee Creek main range deposit has progressed rapidly since the maiden JORC Resource of 52.1 million tonnes, was released in December 2009. The Company released an interim resource upgrade to 161.4 million tonnes on 26 July 2010, and also announced an upward revision of its Exploration Target# for the MCPhee Creek main range deposit to 250 to 350 million tonnes @ 56-60% Fe.

On 8 September 2010 a further substantial increase to MCPhee Creek main range resource was reported. The current Inferred Mineral Resource is **210 million tonnes @ 56.2 % Fe (62.1% CaFe)** which incorporates drilling results reported to ASX up to 9 August 2010 (up to and including drillhole RCMC300).

Table: CSA Global Mineral Resource Estimate 8 September 2010

<b>Giralia Resources - Mineral Resource Estimate - MCPhee Creek Main Range Deposit as at 8 Sept 2010</b>								
Deposit Cut-off Grade	Category	Tonnes (Mt)	Fe %	P %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	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. Geological consultants CSA Global Pty Ltd (CSA) were commissioned by Giralia to complete the updated resource estimate for the MCPhee Creek deposit.

A substantial ongoing program of drilling at MCPhee Creek continues to intersect strong mineralisation, likely to add to the resource. A total of 92 RC holes for 12794 metres was completed during the quarter. New assay results received to date are listed in the table overleaf and highlighted on Figure 2. Important new results include hole RCMC337 which returned **154 metres @ 57.8% Fe, including 106 metres @ 60.0% Fe**. This hole (shown in cross section on Figure 3) was drilled to 258 metres depth on a section where nearby previous holes had failed to penetrate the full thickness of mineralisation. The zone of mineralisation intersected is substantially thicker than modelled in the current resource estimate.

The Company continues to study development options at MCPhee Creek, focused initially on a base case of 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.

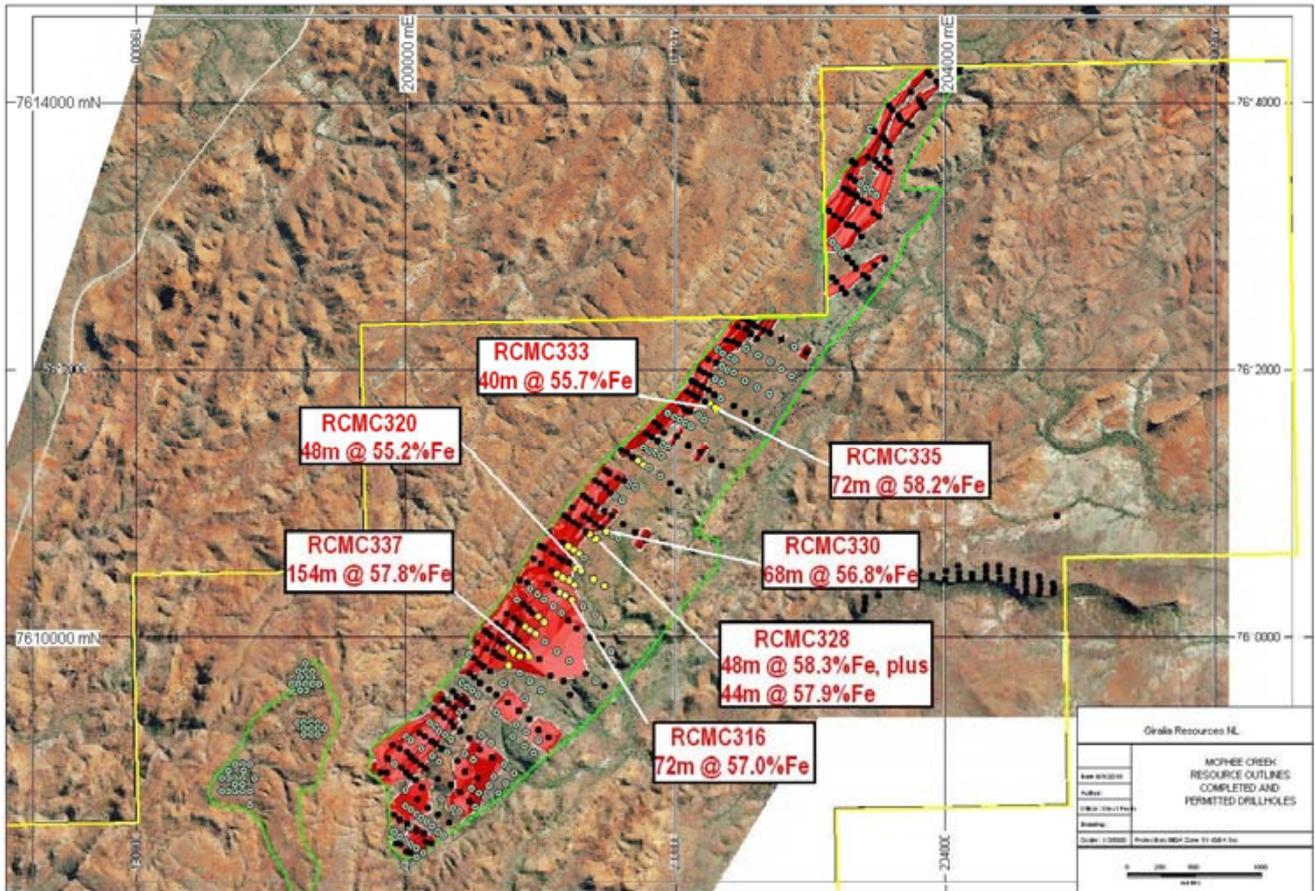


Figure 2; McPhee Creek main range deposit. Current resource outline (red polygons). Holes completed to June 2010 (black dots), permitted holes (green dots) and new drillholes for which assays have been received to date (yellow dots).

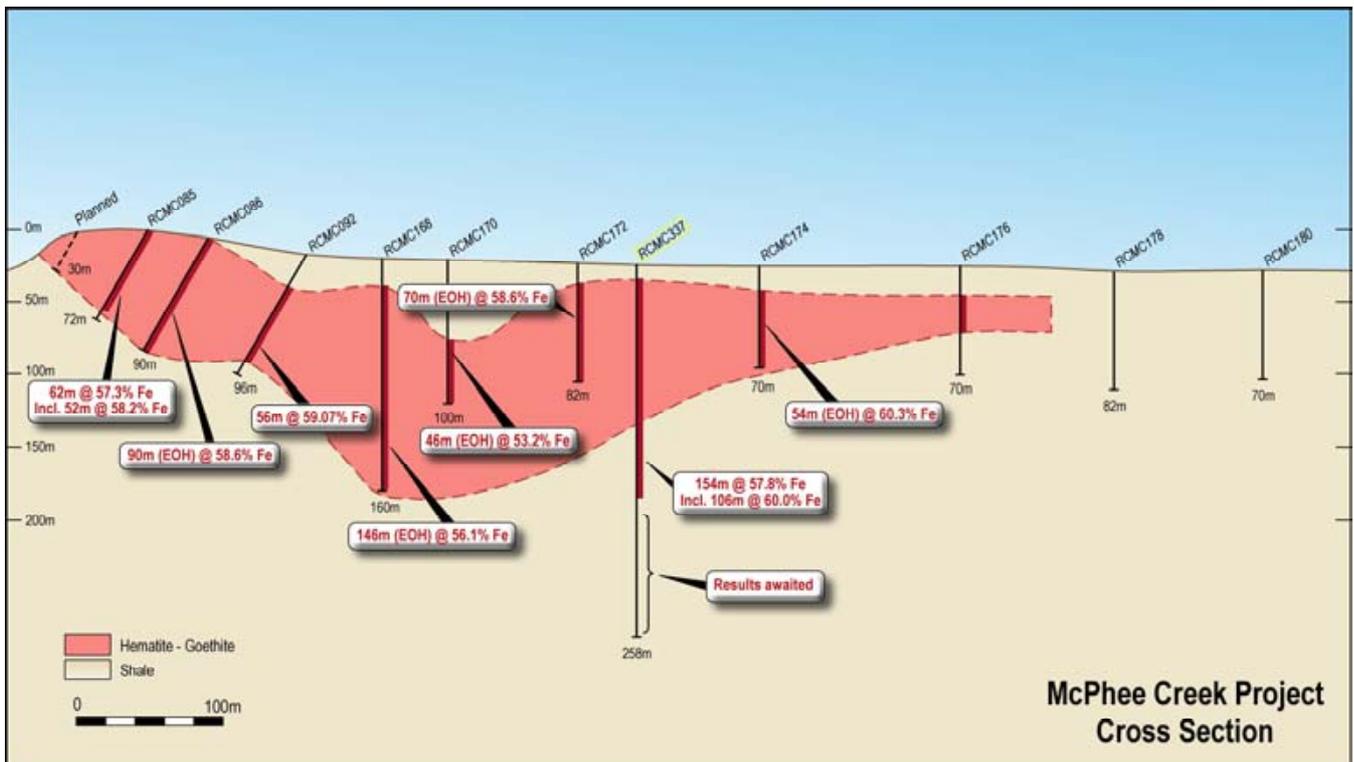


Figure 3; McPhee Creek main range cross section including new hole RCMC337 which intersected mineralisation well beyond previous holes that had failed to penetrate the full thickness of hematite.

**August-September drilling McPhee Creek main range, results >10m @ >55%Fe**

Hole No	Coordinates		Dip /Az	Depth (m)	From (m)	To (m)	Interval (m)	Fe %	CaFe %	P %	SiO2 %	Al2O3 %	LOI %
	East	North											
RCMC301	200757	7609790	90/-	144	14	52	<b>38</b>	<b>58.1</b>	<b>65.4</b>	<b>0.13</b>	<b>3.0</b>	<b>1.9</b>	<b>11.2</b>
				and	74	86	12	55.7	62.2	0.16	6.9	2.1	10.3
				and	112	136	24	52.3	58.6	0.12	8.3	4.6	10.7
RCMC302	200746	7609912	60/305	162	18	34	16	53.4	59.9	0.14	8.6	3.5	10.9
				and	42	58	16	54.3	60.8	0.15	7.0	3.0	10.7
				and	112	154	<b>42</b>	<b>59.4</b>	<b>64.8</b>	<b>0.11</b>	<b>4.9</b>	<b>1.1</b>	<b>8.3</b>
RCMC303	200876	7610077	60/305	126	26	126	<b>100 (EOH)</b>	<b>57.3</b>	<b>63.9</b>	<b>0.14</b>	<b>4.4</b>	<b>2.2</b>	<b>10.3</b>
RCMC304	200792	7609886	60/307	120	8	24	16	55.2	61.9	0.16	5.4	2.7	10.8
				and	52	120	<b>68 (EOH)</b>	<b>55.0</b>	<b>61.2</b>	<b>0.14</b>	<b>7.5</b>	<b>2.5</b>	<b>10.1</b>
RCMC305	200921	7610061	90/-	156	14	30	16	51.5	58.3	0.15	8.1	5.4	11.7
				and	68	78	10	56.0	63.0	0.18	5.8	2.0	11.1
				and	92	104	12	52.2	58.0	0.13	14.0	0.7	9.9
RCMC306	200844	7609853	90/-	162	10	82	<b>72</b>	<b>57.6</b>	<b>64.0</b>	<b>0.16</b>	<b>3.7</b>	<b>2.2</b>	<b>9.9</b>
				and	104	126	22	56.7	63.6	0.15	4.7	1.9	11.0
RCMC307	200950	7610028	90/-	174	12	52	40	53.5	60.3	0.14	6.4	4.2	11.3
				incl.	36	52	16	56.1	63.3	0.14	3.9	2.3	11.4
				and	86	104	18	53.4	59.7	0.18	9.2	2.6	10.6
				and	126	140	14	54.8	60.9	0.24	9.8	0.8	10.1
RCMC308	200974	7610138	60/307	180	58	68	10	55.8	62.5	0.17	5.9	1.8	10.7
				and	144	180	36 (EOH)	54.1	58.1	0.09	13.8	1.1	6.9
RCMC309	201108	7610477	60/300	150	34	54	20	54.5	60.7	0.11	7.5	2.9	10.3
				incl.	36	50	14	55.8	62.3	0.11	5.6	2.7	10.4
RCMC310	201013	7610089	90/-	174	18	48	<b>30</b>	<b>55.9</b>	<b>62.8</b>	<b>0.15</b>	<b>5.1</b>	<b>2.0</b>	<b>11.0</b>
RCMC312	201136	7610332	60/304	174	38	64	26	55.7	62.5	0.21	4.8	2.5	11.0
RCMC313	201199	7610420	90/-	156	24	54	<b>30</b>	<b>57.4</b>	<b>64.5</b>	<b>0.14</b>	<b>4.0</b>	<b>1.6</b>	<b>11.1</b>
RCMC314	201175	7610312	60/307	138	18	64	<b>46</b>	<b>55.4</b>	<b>62.3</b>	<b>0.22</b>	<b>4.9</b>	<b>2.8</b>	<b>11.2</b>
RCMC315	201255	7610390	90/-	138	6	26	20	53.5	58.7	0.12	11.4	2.2	8.9
RCMC316	201209	7610281	60/305	198	12	84	<b>72</b>	<b>57.0</b>	<b>63.1</b>	<b>0.16</b>	<b>5.3</b>	<b>2.2</b>	<b>9.6</b>
RCMC317	201197	7610677	90/-	228	34	48	14	50.0	56.2	0.09	9.3	5.9	11.0
RCMC318	201257	7610519	60/300	150	14	42	28	55.1	61.8	0.17	5.1	2.7	10.9
				and	126	142	16	55.5	61.5	0.07	8.2	2.0	9.8
RCMC320	201297	7610485	90/-	138	10	34	24	56.6	61.3	0.08	8.7	1.7	7.6
				and	52	100	48	55.2	61.4	0.26	9.2	0.8	10.0
RCMC326	201363	7610764	90/-	156	16	44	28	54.5	60.8	0.20	7.7	3.0	10.3
				and	50	78	28	55.1	60.8	0.41	9.9	0.9	9.4
RCMC327	201595	7611013	90/-	132			awaited						
RCMC328	201405	7610730	90/-	198	10	58	<b>48</b>	<b>58.3</b>	<b>63.2</b>	<b>0.11</b>	<b>6.9</b>	<b>1.3</b>	<b>7.7</b>
				and	66	110	<b>44</b>	<b>57.9</b>	<b>64.4</b>	<b>0.36</b>	<b>4.9</b>	<b>0.9</b>	<b>10.0</b>
RCMC329	201901	7611445	60/300	105			awaited						
RCMC330	201481	7610785	90/-	162	6	24	18	55.0	60.0	0.12	9.6	2.1	8.2
				and	68	136	<b>68</b>	<b>56.8</b>	<b>62.9</b>	<b>0.34</b>	<b>6.7</b>	<b>0.8</b>	<b>9.7</b>
RCMC331	201942	7611431	90/-	102			awaited						
RCMC333	202241	7611751	60/300	150	16	56	<b>40</b>	<b>55.7</b>	<b>62.5</b>	<b>0.11</b>	<b>6.2</b>	<b>1.8</b>	<b>10.8</b>
RCMC335	202290	7611720	60/300	186	18	90	<b>72</b>	<b>58.2</b>	<b>64.4</b>	<b>0.11</b>	<b>4.7</b>	<b>1.2</b>	<b>9.7</b>
				and	134	158	24	50.5	55.7	0.10	17.0	0.9	9.3
RCMC336	201877	7611198	90/-	108			awaited						
RCMC337	200925	7609884	90/-	258	14	168	<b>154</b>	<b>57.8</b>	<b>63.1</b>	<b>0.20</b>	<b>4.8</b>	<b>1.3</b>	<b>9.5</b>
				incl.	16	122	<b>106</b>	<b>60.0</b>	<b>65.9</b>	<b>0.16</b>	<b>2.5</b>	<b>1.1</b>	<b>9.2</b>

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

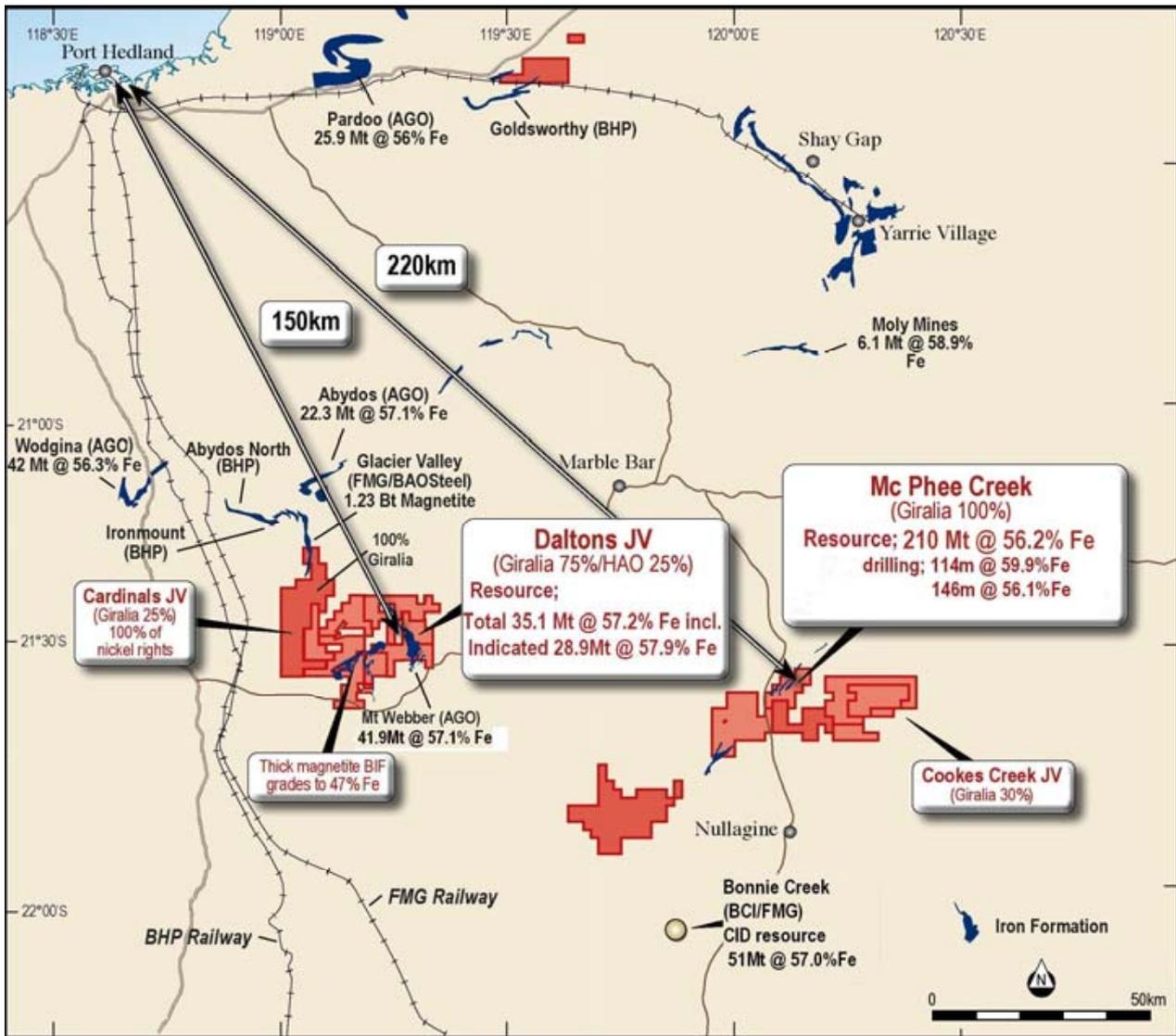


Figure 4; Location plan Daltons JV and McPhee Creek tenements

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

The Daltons Joint Venture (Giralia 75% interest, Haoma Mining NL (“Haoma”) 25% interest), covers four tenements located around 150 kilometres south of Port Hedland in the Pilbara region of Western Australia. Haoma retains rights to gold/silver and tin/tantalum mineralisation.

Good progress was made during the quarter on Pre-Feasibility Study elements at Daltons–Mt Webber, targeting the production of direct shipping iron ore (“DSO”), initially at 2 million tonnes per year by open pit mining and road haulage to Port Hedland.

Detailed environmental studies are well advanced with field flora and fauna surveys effectively complete. Consultants ecologia Environment are undertaking all environmental investigations and environmental impact assessment documentation required through to mining approvals. Groundwater consultants Aquaterra have completed borefield drilling and pump testing. Metallurgical testing at Ammtec for product specification has now been completed on 6 PQ core holes. Mining engineering studies are in progress.

A Mining Lease application was lodged in late April covering the Mt Webber deposit and environs, and a new northern access ramp road has been constructed. The Scoping Study implementation schedule for the project indicates that it may be possible to achieve first production by October 2011.

As part of the Pre-feasibility Study, infill drilling was completed during the quarter, and on 8 September the Daltons Joint Venture reported an upgrade to the JORC Mineral Resource category from Inferred to Indicated for the major portion of the Mt Webber iron ore deposit.

The Main Southern Zone, which comprises over 80% of the DSO resource at Daltons-Mt Webber, is a flat lying, tabular hematite-goethite enrichment cap up to 70 metres thick, with mineralisation starting from surface in most holes. The Daltons JV's Mt Webber tenements directly adjoin Atlas Iron Limited/ Altura Mining Limited's Mt Webber project, for which a revised Mineral Resource estimate of 41.9 million tonnes @ 57.1% Fe (Indicated 21.9 million tonnes @ 57.2% Fe, and Inferred 20.0 million tonnes @ 57.0% Fe) was reported on 1 September 2010.

The new Indicated Mineral Resource for the Main Southern Zone of the Daltons JV's Mt Webber deposit is; **28.9 million tonnes @ 57.9% Fe, 6.69% SiO<sub>2</sub>, 1.49% Al<sub>2</sub>O<sub>3</sub>, 0.097% P and 8.17% LOI (63.05% CaFe)**. Additional Inferred Resources in the Lower Zone and Northern Zone are effectively unchanged at 6.2 million tonnes. The current Indicated plus Inferred Mineral Resource for the Daltons JV's Mt Webber deposit is **35.1 million tonnes @ 57.2% Fe, 7.81% SiO<sub>2</sub>, 1.5% Al<sub>2</sub>O<sub>3</sub>, 0.089% P and 7.99% LOI (62.16% CaFe)**.

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

Giralia Resources - Mineral Resource Estimate - Mount Webber Deposit as at 23 August 2010								
Area	Category	Tonnes	Fe%	P%	SiO2%	Al2O3%	LOI%	CaFe%
Main Southern Zone	Indicated	28,900,000	57.9	0.097	6.69	1.49	8.17	63.05
Lower Zone	Inferred	4,300,000	53.7	0.046	15.29	0.81	6.50	57.43
Northern Zone	Inferred	1,900,000	55.0	0.070	8.10	3.24	8.52	60.12
<b>TOTAL</b>		<b>35,100,000</b>	<b>57.2</b>	<b>0.089</b>	<b>7.81</b>	<b>1.50</b>	<b>7.99</b>	<b>62.16</b>

**Note:** The CSA Mineral Resource was estimated within 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. Differences may occur due to rounding.

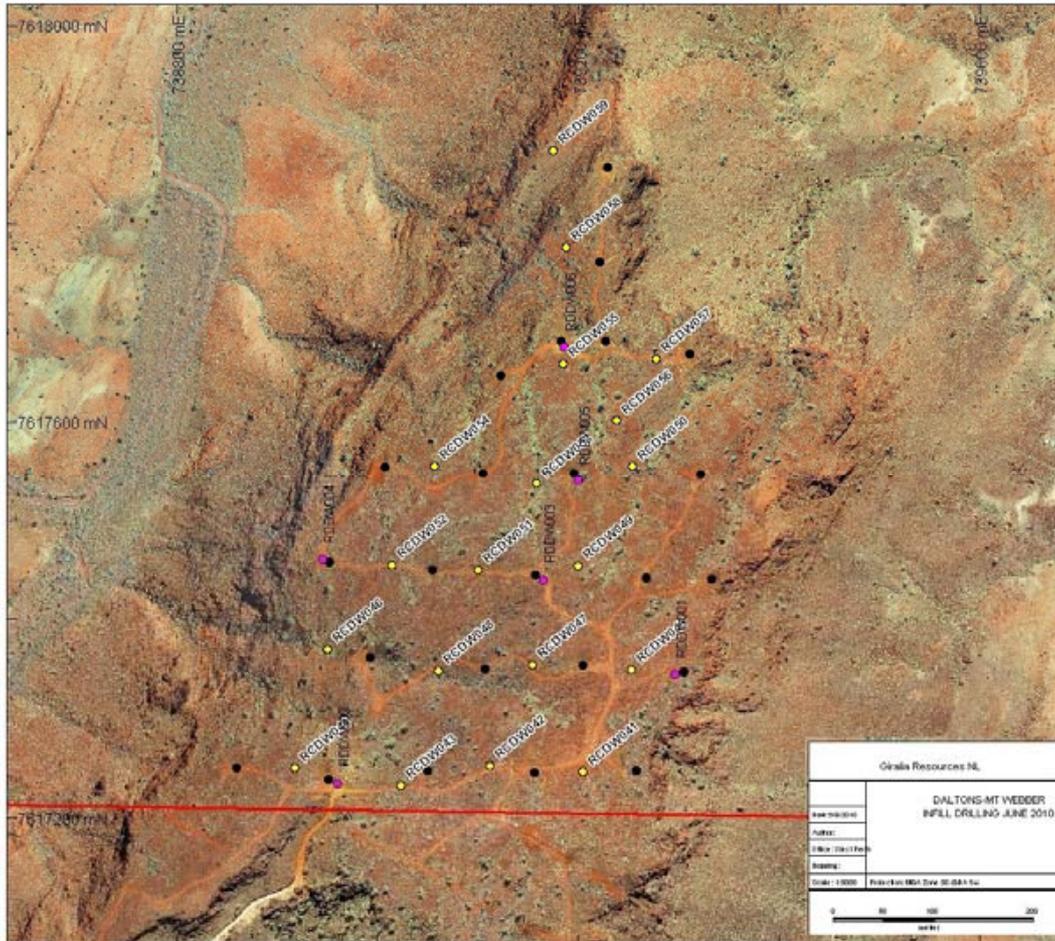
Detailed metallurgical testwork on drill core including specific gravity determinations, has resulted in an SG of 2.8 being used by consultants CSA Global for the upgraded resource estimate, versus 3.3 for the previous Inferred Resource estimate reported in September 2009, resulting in a small reduction in tonnage, despite a slightly increased volume.

Delineation of the new Daltons-Mt Webber Indicated Mineral Resource is based on the recent infill drilling (19 RC holes and 6 PQ diamond core holes), plus 40 RC drill holes completed late 2009. The recent drilling confirmed the continuity of the near surface DSO mineralisation, and returned better results (reported to ASX on 11 August) including; **78 metres (to end of hole) @ 59.8% Fe, 0.11% P, 0.8% Al<sub>2</sub>O<sub>3</sub>, 68 metres @ 60.1% Fe, 0.09% P, 1.4% Al<sub>2</sub>O<sub>3</sub>, and 58 metres @ 59.1% Fe, 0.10% P, 1.8% Al<sub>2</sub>O<sub>3</sub>**.

**Table of Intersections Daltons-Mt Webber Deposit RC infill drilling 2010**

Hole No	Coordinates		Dip / Az	Depth (m)	From (m)	To (m)	Interval (m)	Fe %	CaFe %	P %	SiO2 %	Al2O3 %	LOI %
	East	North											
RCDW041	739205	7617246	60/90	110	4	72	<b>68</b>	<b>60.1</b>	<b>64.4</b>	<b>0.09</b>	<b>5.6</b>	<b>1.4</b>	<b>6.6</b>
				and	84	104	20	50.7	53.8	0.02	19.7	0.5	5.7
RCDW042	739112	7617252	60/90	118	0	52	52	54.0	59.6	0.09	9.5	2.7	9.4
				incl.	32	52	<b>20</b>	<b>56.5</b>	<b>62.7</b>	<b>0.10</b>	<b>7.0</b>	<b>1.7</b>	<b>9.9</b>
RCDW043	739024	7617233	60/95	94	10	44	<b>34</b>	<b>58.1</b>	<b>64.0</b>	<b>0.11</b>	<b>5.8</b>	<b>1.5</b>	<b>9.1</b>
RCDW044	738917	7617250	60/93	64	0	64	<b>64 EOH)</b>	<b>57.5</b>	<b>62.8</b>	<b>0.11</b>	<b>6.4</b>	<b>2.4</b>	<b>8.4</b>
RCDW045	739253	7617349	60/90	118	0	36	<b>36</b>	<b>57.5</b>	<b>62.5</b>	<b>0.09</b>	<b>7.5</b>	<b>1.8</b>	<b>8.0</b>
				incl.	16	34	<b>18</b>	<b>60.6</b>	<b>65.5</b>	<b>0.10</b>	<b>4.5</b>	<b>1.3</b>	<b>7.5</b>
				and	40	52	12	50.1	52.8	0.04	22.0	0.7	5.1
				and	86	112	<b>26</b>	<b>56.9</b>	<b>61.2</b>	<b>0.04</b>	<b>8.1</b>	<b>1.5</b>	<b>7.2</b>
RCDW046	738951	7617370	60/90	70	0	24	<b>24</b>	<b>57.8</b>	<b>61.9</b>	<b>0.10</b>	<b>6.3</b>	<b>3.7</b>	<b>6.9</b>
				incl.	8	24	<b>16</b>	<b>63.7</b>	<b>67.3</b>	<b>0.10</b>	<b>2.3</b>	<b>1.1</b>	<b>5.2</b>
RCDW047	739154	7617354	60/90	94	4	28	<b>24</b>	<b>55.9</b>	<b>60.5</b>	<b>0.10</b>	<b>9.8</b>	<b>1.2</b>	<b>7.6</b>
				incl.	4	22	<b>18</b>	<b>58.1</b>	<b>62.8</b>	<b>0.11</b>	<b>7.2</b>	<b>0.9</b>	<b>7.5</b>
				and	32	46	14	51.1	53.8	0.05	19.0	1.3	4.9
RCDW048	739060	7617348	60/90	76	0	36	<b>36</b>	<b>58.9</b>	<b>63.1</b>	<b>0.09</b>	<b>6.6</b>	<b>2.0</b>	<b>6.6</b>
				incl.	2	32	<b>30</b>	<b>60.3</b>	<b>64.4</b>	<b>0.08</b>	<b>5.2</b>	<b>1.8</b>	<b>6.4</b>
RCDW049	739200	7617454	60/90	76	0	44	<b>44</b>	<b>56.1</b>	<b>60.0</b>	<b>0.08</b>	<b>11.4</b>	<b>1.0</b>	<b>6.4</b>
				incl.	12	38	<b>26</b>	<b>59.9</b>	<b>64.1</b>	<b>0.09</b>	<b>6.4</b>	<b>0.9</b>	<b>6.5</b>
RCDW050	739254	7617555	60/90	94	0	64	<b>64</b>	<b>56.2</b>	<b>62.3</b>	<b>0.09</b>	<b>6.6</b>	<b>2.2</b>	<b>9.8</b>
				incl.	10	60	<b>50</b>	<b>57.1</b>	<b>63.3</b>	<b>0.09</b>	<b>5.4</b>	<b>2.2</b>	<b>9.8</b>
RCDW051	739100	7617450	60/90	58	0	30	<b>30</b>	<b>57.5</b>	<b>62.4</b>	<b>0.07</b>	<b>7.1</b>	<b>1.6</b>	<b>7.9</b>
				incl.	8	30	<b>22</b>	<b>60.4</b>	<b>65.2</b>	<b>0.08</b>	<b>4.7</b>	<b>1.2</b>	<b>7.4</b>
				and	38	44	6	52.9	56.9	0.11	15.1	0.7	7.1
RCDW052	739015	7617455	60/90	64	0	58	<b>58</b>	<b>59.1</b>	<b>63.6</b>	<b>0.10</b>	<b>6.1</b>	<b>1.8</b>	<b>7.1</b>
RCDW053	739159	7617537	60/90	58	0	56	<b>56</b>	<b>56.4</b>	<b>61.1</b>	<b>0.10</b>	<b>10.0</b>	<b>1.0</b>	<b>7.5</b>
				incl.	0	42	<b>42</b>	<b>58.8</b>	<b>63.8</b>	<b>0.10</b>	<b>6.3</b>	<b>1.1</b>	<b>7.7</b>
RCDW054	739057	7617556	60/90	58	0	34	<b>34</b>	<b>58.6</b>	<b>63.3</b>	<b>0.09</b>	<b>6.7</b>	<b>1.9</b>	<b>7.4</b>
RCDW055	739185	7617659	60/90	88	10	88	<b>78 EOH)</b>	<b>59.8</b>	<b>65.8</b>	<b>0.11</b>	<b>3.9</b>	<b>0.8</b>	<b>9.1</b>
RCDW056	739238	7617601	90/0	70	2	46	<b>44</b>	<b>56.5</b>	<b>61.9</b>	<b>0.09</b>	<b>7.7</b>	<b>1.7</b>	<b>8.7</b>
				incl.	8	44	<b>36</b>	<b>57.7</b>	<b>63.5</b>	<b>0.09</b>	<b>5.7</b>	<b>1.7</b>	<b>9.0</b>
				and	64	70	<b>6 (EOH)</b>	<b>58.0</b>	<b>62.6</b>	<b>0.04</b>	<b>7.4</b>	<b>1.9</b>	<b>7.3</b>
RCDW057	739278	7617664	60/90	94	12	68	<b>56</b>	<b>57.6</b>	<b>64.2</b>	<b>0.11</b>	<b>5.2</b>	<b>1.0</b>	<b>10.3</b>
				incl.	20	68	<b>48</b>	<b>58.7</b>	<b>65.4</b>	<b>0.12</b>	<b>3.9</b>	<b>0.7</b>	<b>10.3</b>
				and	82	92	<b>10</b>	<b>56.0</b>	<b>61.2</b>	<b>0.10</b>	<b>10.3</b>	<b>0.6</b>	<b>8.5</b>
RCDW058	739188	7617776	90/0	64	0	4	4	53.9	60.5	0.10	8.2	2.7	10.9
RCDW059	739175	7617874	60/27 0	94				NSV					

*Intersections quoted using lower cut-offs of 50% and 55% Fe. All coordinates in MGA Zone 50 GDA 94, by hand held GPS ( $\pm 6m$ ). NSV= no intersections of 2m @ >50% Fe. XRF analyses by Spectrolab Laboratory Geraldton. RC drill samples collected as 2 metre riffle split composites. QA/QC included field duplicate samples and two standards (Certified Reference Material), comprising one coarse standard and one pulverised standard. EOH means iron intersection open at end-of-hole. CaFe is a measure of iron content upon removal of volatiles (i.e. LOI).*



**Fig 5; Main southern hill at Daltons- Mt Webber deposit showing 2009 drill collars (black dots), new June 2010 infill holes (yellow dots) and PQ diameter core holes (purple dots)**

Additionally follow up rock chip sampling and mapping has been completed in the Soanesville area around 10 kilometres west of the Mt Webber deposit, where several undrilled zones of outcropping hematite mineralisation were recognised in helicopter reconnaissance in late 2009.

**Rock sample results July 2010 Soanesville area (10km west of Mt Webber deposit).**

SAMPLE	EAST	NORTH	Fe %	P %	SiO2 %	Al2O3 %	LOI %
DW001	727441	7614219	<b>58.2</b>	0.15	4.06	1.71	10
DW002	727698	7613673	<b>59.5</b>	0.16	2.32	1.17	10.45
DW003	726525	7616063	48.8	0.03	2.93	8.81	10.67
DW004	726384	7616065	<b>59.5</b>	0.08	2.64	1.14	10.66
DW005	726407	7615879	41.2	0.05	4.46	18.7	7.91
DW006	726347	7615451	<b>57.7</b>	0.24	3.54	1.83	10.88
DW007	726197	7615634	51.9	0.21	7	5.44	9.96
DW008	727050	7616137	<b>57.9</b>	0.12	4.24	2.15	9.18
DW009	727148	7616247	<b>56.3</b>	0.37	5	2.35	10.7
DW010	727206	7616344	<b>57.6</b>	0.26	3.76	2.58	10.25
DW011	727311	7616471	53.5	0.39	8.19	3.21	10.72
DW012	727177	7616579	54.3	0.08	12.25	0.81	8.74
DW013	727956	7616577	<b>58.2</b>	0.28	2.41	1.9	11.48
DW014	728016	7616696	50.8	0.33	8.65	5.03	9.77
DW015	727983	7616835	50.9	0.23	6.78	7.02	11.87
DW016	727950	7616945	<b>62.0</b>	0.10	2.26	0.67	7.82
DW017	727918	7617154	<b>55.5</b>	0.23	2.9	4.5	9.86

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

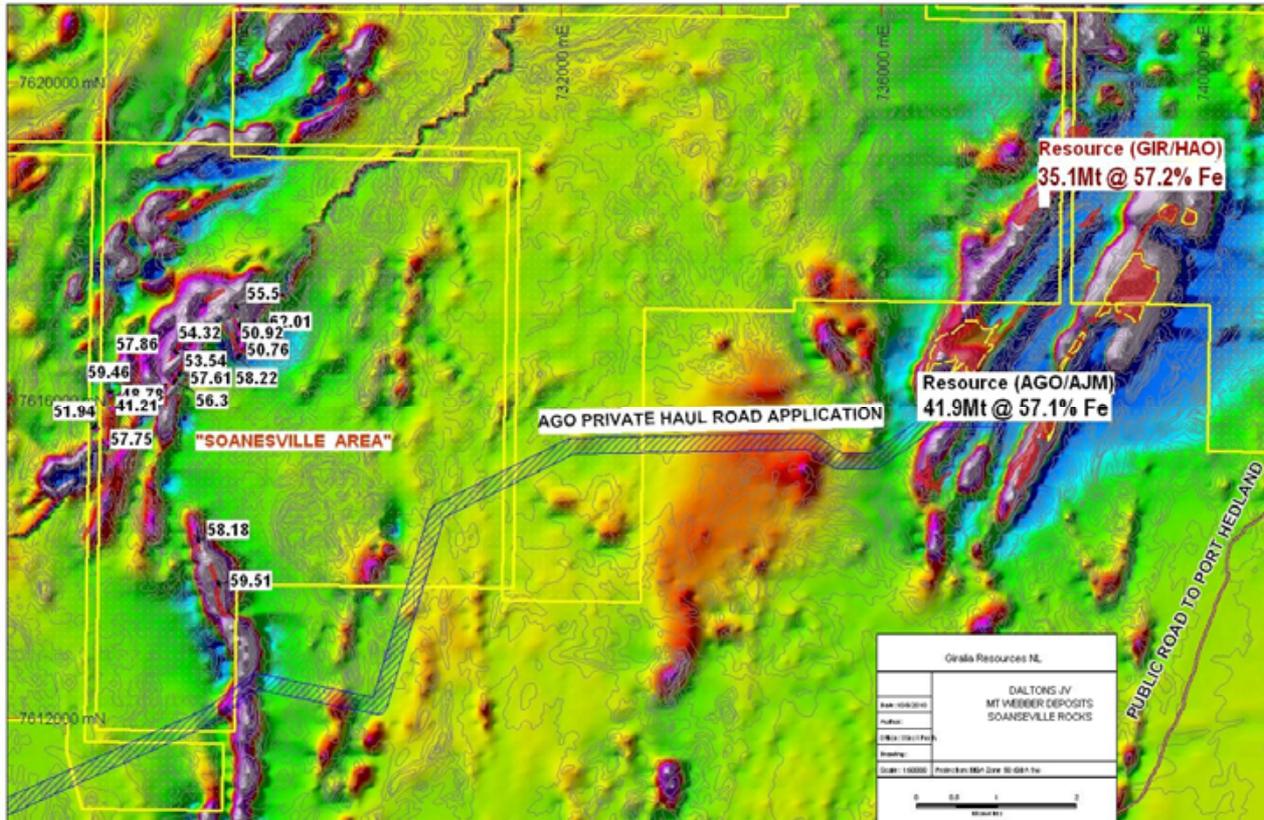


Fig6; Daltons JV eastern portion aeromagnetic image, showing Mt Webber deposits and new Soanesville area sampling results (Fe %).

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

On 7 July 2010 Giralia reported the maiden JORC Inferred Mineral Resource at the Company’s 100% owned Yerecoin magnetite project, located around 120 kilometres NNE of Perth in Western Australia. The key to the development of the Yerecoin project is its location within 1 kilometre of existing rail access.

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

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

The maiden resource estimate substantiates the Company’s previously defined Exploration Target at Yerecoin (200 to 250 million tonnes grading 30% to 35% Fe).

Davis Tube Recovery (“DTR”) and grind optimisation tests indicate that magnetite mineralisation at Yerecoin has exceptionally favourable magnetic separation liberation characteristics, likely to enable a premium product at a grind size much coarser than other Western Australian magnetite projects.

The Company has previously announced (9 February 2010) positive results on from an independent Scoping Study by magnetite specialists ProMet Engineers, with a design basis of production at 2.5 million tonnes per year of magnetite concentrate from the mine site hauled over the existing rail networks to the Kwinana Bulk Terminal for export. Financial modeling of the most attractive alternative investigated yielded a NPV (10%) of A\$321 million and an IRR of 33.8%, with capital and operating costs estimated at A\$373.5 million and A\$55/tonne.

The implementation schedule for the Project indicated that it may be possible to achieve a first shipment of concentrate by late 2013. At the mining rate envisaged in the Scoping Study (7.5mtpa) the new resource will equate to in excess of 20 years of production. Additional potential is envisaged in untested magnetic anomalies along strike.

Pre-Feasibility metallurgical testwork has commenced at Ammtec (coordinated by ProMet Engineers) to establish preferred product specifications, along with mining engineering (Coffey Mining), environmental (ecologia Environment) and groundwater (Aquaterra) studies. The Company is evaluating partnership opportunities to advance the development of the Yerecoin project.

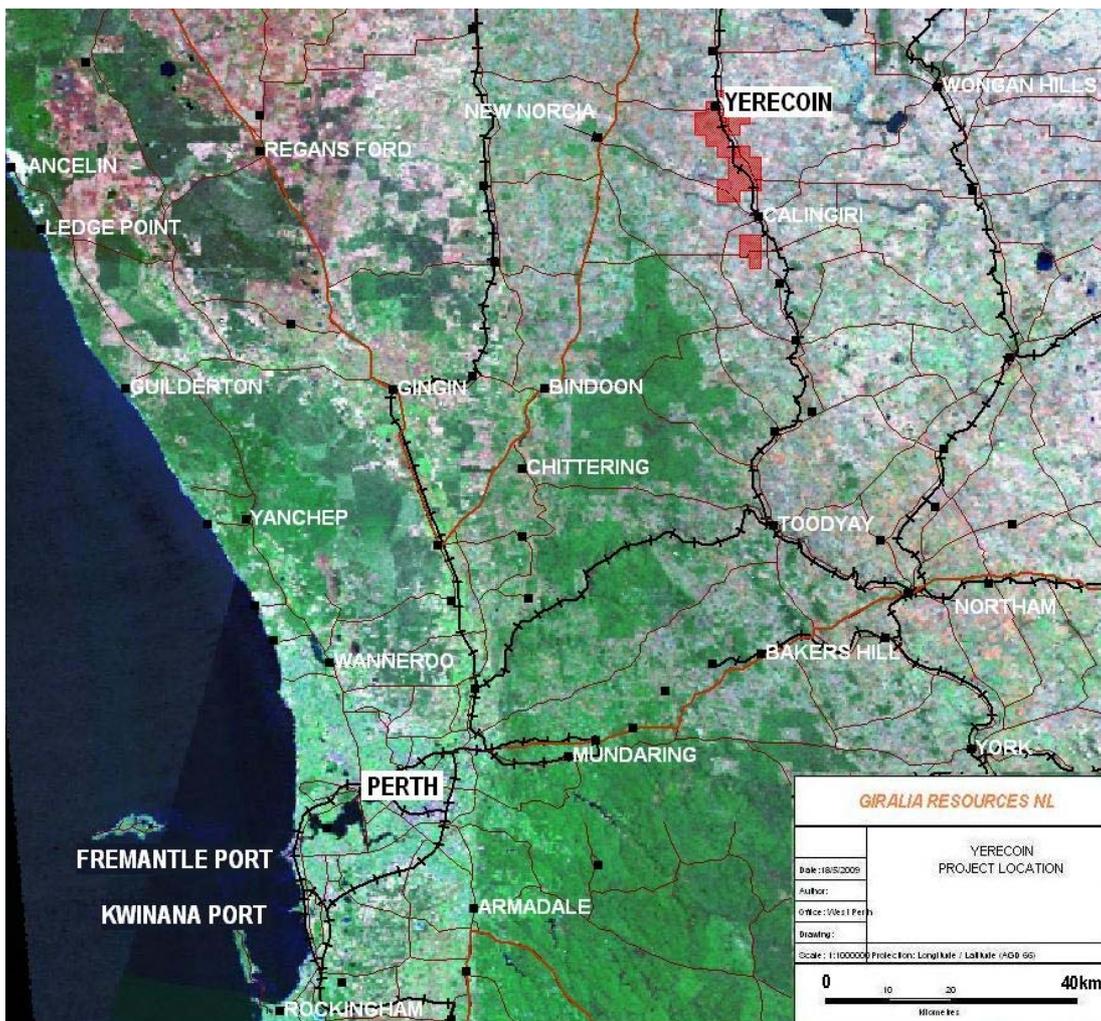


Figure 7; Yerecoin Location Plan showing existing port and rail

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

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

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

At the Homestead prospect, located around 10 kilometres north of the Company's current JORC resource, another area of Marra Mamba Formation outcrop has been mapped, along strike from known Rio Tinto held hematite iron ore deposits along the Music Hall line on the Ophthalmia Range. Results from Giralia's initial 22 hole December 2008 drilling program at the Homestead prospect included 20 metres @ 55.2% Fe, 14 metres @ 55.5% Fe and 8 metres (EOH) @ 56.1% Fe in the Marra Mamba Formation. Limited previous drilling by Pacminex in 1975 intersected up to 16 metres @ 56.2% Fe in the Marra Mamba Formation.

On 24 August 2010 the Company reported strong results from a follow up RC drilling program at the Homestead Marra Mamba prospect and a nearby channel iron mesa (CID) which comprised 59 holes/ 2480 metres. Better intersections from the drilling program include **42 metres @ 59.1% Fe, 0.06% P, and 2.0% Al<sub>2</sub>O<sub>3</sub>, 24 metres @ 61.7% Fe, 0.06% P, 1.8% Al<sub>2</sub>O<sub>3</sub> and 58 metres @ 57.9% Fe** in the Marra Mamba Formation (see Table 1). Results from testing of the CID mesa returned relatively thin near surface intersections including 0 to 8 metres @ 55.4%Fe, and 0 to 6 metres @ 56.4%Fe.

The Marra Mamba mineralisation at Homestead has now been traced over around 1.6 kilometres strike, and looks likely to add substantially to the current Western Creek project JORC resource. A further drilling program to extend and infill the Marra Mamba mineralisation is planned prior to resource estimation.

***Western Creek July 2010 RC Drilling Results > 4metres @ 50%Fe***

Hole No	Coordinates		Dip / Az	Depth (m)	From (m)	To (m)	Interval (m)	Fe %	CaFe %	P %	SiO2 %	Al2O3 %	LOI %
	East	North											
<b>Homestead Marra Mamba Prospect</b>													
RCHC065	759492	7419445	60/006	150	82	88	6	53.2	56.3	0.02	7.8	3.1	5.6
RCHC067	759231	7419432	60/004	126	92	94	4	50.6	56.5	0.02	7.9	2.2	10.4
RCHC068	759228	7419356	60/001	132	48	62	14	56.5	61.3	0.10	9.0	1.9	7.9
				and	74	84	10	52.4	57.1	0.07	13.5	3.1	8.2
				and	124	132	<b>8(EOH)</b>	<b>56.8</b>	<b>62.1</b>	<b>0.11</b>	<b>8.5</b>	<b>1.0</b>	<b>8.5</b>
RCHC070	758992	7419461	60/003	126	32	36	4	56.6	62.9	0.02	3.3	4.6	10.1
				and	52	110	<b>58</b>	<b>57.9</b>	<b>62.4</b>	<b>0.06</b>	<b>5.2</b>	<b>4.3</b>	<b>7.2</b>
				incl.	52	96	<b>44</b>	<b>59.1</b>	<b>63.2</b>	<b>0.04</b>	<b>4.7</b>	<b>4.0</b>	<b>6.5</b>
				and	100	110	<b>10</b>	<b>58.7</b>	<b>64.5</b>	<b>0.11</b>	<b>3.4</b>	<b>3.3</b>	<b>9.0</b>
RCHC071	758996	7419378	60/000	102	24	54	30	54.8	60.9	0.04	6.2	4.5	10.1
				incl.	32	54	<b>22</b>	<b>55.8</b>	<b>61.9</b>	<b>0.04</b>	<b>5.9</b>	<b>4.0</b>	<b>9.9</b>
				and	72	78	<b>6</b>	<b>57.1</b>	<b>62.7</b>	<b>0.08</b>	<b>7.7</b>	<b>1.5</b>	<b>8.9</b>
RCHC072	758805	7419386	60/002	90	6	48	42	53.8	59.1	0.07	10.3	2.6	8.9
				incl.	8	20	<b>12</b>	<b>55.8</b>	<b>61.3</b>	<b>0.06</b>	<b>8.0</b>	<b>2.7</b>	<b>9.1</b>
				and	30	46	<b>16</b>	<b>57.4</b>	<b>63.3</b>	<b>0.08</b>	<b>4.3</b>	<b>2.4</b>	<b>9.4</b>
RCHC073	758805	7419328	60/000	78	0	6	6	52.3	57.6	0.07	11.0	3.9	9.3
RCHC074	758728	7419295	50/003	72	4	8	4	57.0	60.5	0.04	9.0	3.5	5.7
RCHC075	758687	7419281	50/355	66	2	6	4	54.6	58.7	0.04	11.8	2.6	7.0
RCHC076	758622	7419260	50/003	66	6	26	20	54.8	60.4	0.05	8.0	3.4	9.3
				incl.	10	24	<b>14</b>	<b>55.8</b>	<b>61.8</b>	<b>0.05</b>	<b>5.9</b>	<b>3.7</b>	<b>9.8</b>

Hole No	Coordinates		Dip / Az	Depth (m)	From (m)	To (m)	Interval (m)	Fe %	CaFe %	P %	SiO2 %	Al2O3 %	LOI %
	East	North											
RCHC077	758487	7419228	50/003	72	6	48	42	59.1	62.9	0.06	7.3	2.0	6.0
				incl.	6	16	10	62.9	66.2	0.05	3.5	2.1	5.0
				and	36	48	12	61.7	66.3	0.05	3.1	1.3	7.0
RCHC078	758384	7419234	50/000	77	10	34	24	61.7	66.3	0.06	3.0	1.8	7.0
RCHC079	758273	7419211	50/005	60	0	20	20	56.5	61.7	0.06	4.7	1.6	8.5
				incl.	4	18	14	58.3	63.6	0.06	3.0	1.5	8.3
RCHC080	758267	7419154	50/000	79	0	6	6	50.6	55.5	0.06	12.3	3.6	8.8
				and	14	24	10	51.2	57.0	0.07	9.6	4.3	10.3
RCHC081	758367	7419138	50/004	78	0	12	12	54.6	60.0	0.07	7.0	3.0	8.9
				and	26	38	12	55.0	61.3	0.04	6.4	2.9	10.3
				incl.	28	36	8	56.5	63.0	0.05	4.5	2.5	10.3
<b>CID prospect</b>													
RCHC028	762090	7413460	90/	18	0	4	4	51.9	56.5	0.04	9.8	6.5	8.3
RCHC029	762158	7413490	90/0	24	0	6	6	56.4	61.7	0.03	7.1	4.2	8.5
RCHC030	762228	7413400	90/0	24	0	4	4	55.2	60.0	0.03	7.0	5.0	7.9
RCHC031	762320	7413425	90/0	24	0	4	4	52.0	57.0	0.03	9.0	6.9	8.7
RCHC032	762423	7413339	90/0	24	0	4	4	54.1	59.5	0.03	7.1	5.5	8.9
RCHC033	762476	7413220	90/0	24	2	6	4	53.2	58.9	0.03	8.4	5.8	9.8
RCHC034	762522	7413145	90/0	18	0	6	6	51.0	56.3	0.03	9.2	6.4	9.5
RCHC041	761387	7414285	90/0	18	0	4	4	55.1	58.0	0.03	8.6	6.6	5.0
RCHC056	762568	7412857	90/0	18	0	8	8	55.4	61.1	0.03	6.2	4.8	9.3
RCHC057	762575	7412784	90/0	17	0	6	6	55.0	60.9	0.03	6.4	4.5	9.8
RCHC058	762465	7412803	90/0	18	0	6	6	53.6	59.2	0.03	7.0	5.3	9.5
RCHC059	762460	7412738	90/0	17	0	4	4	52.7	59.3	0.03	6.3	5.0	11.1
RCHC060	762340	7412703	90/0	17	0	4	4	55.3	60.6	0.03	5.7	5.1	8.7
RCHC061	762341	7412775	90/0	18	4	10	6	52.3	58.9	0.03	7.4	4.7	11.1
RCHC063	761820	7412440	90/0	18	0	6	6	52.7	57.4	0.03	9.0	6.0	8.2

RC drill samples collected as 2 metre riffle split composites. Intersections quoted using lower cut-offs of 50% and 55% Fe. Up to 6 metres included material below cut-off. All coordinates in MGA Zone 50 GDA 94, by hand held GPS ( $\pm 5m$ ). XRF analyses by Spectrolab Laboratory Geraldton. EOH = open at end of hole. QA/QC included typically field duplicate samples and standards.

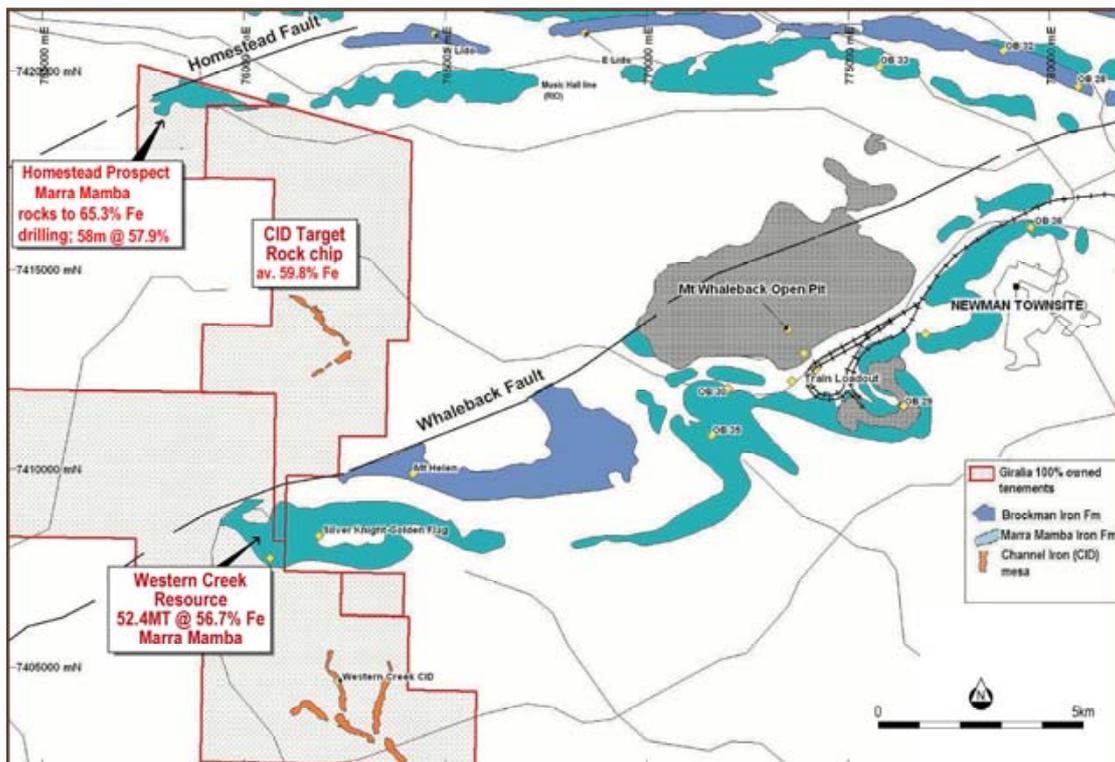
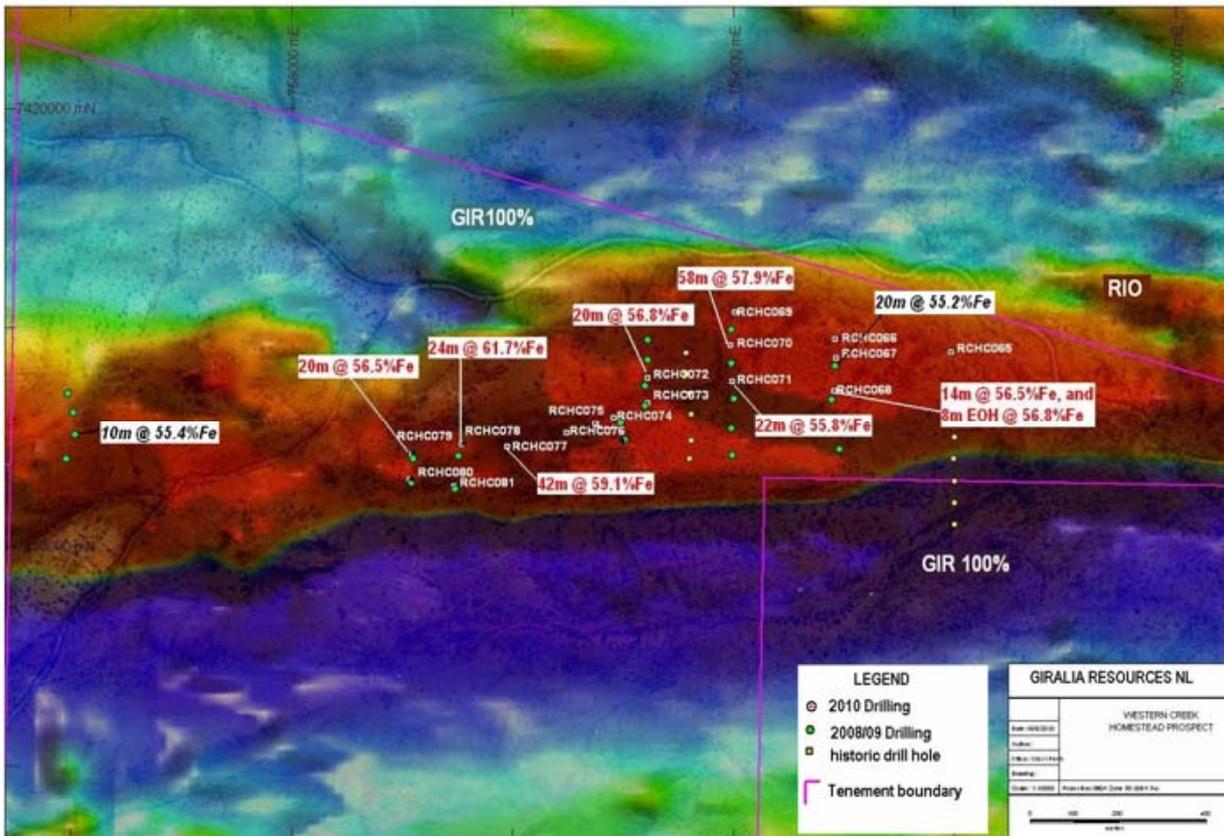


Fig 8; Location of Giralia's Western Creek Project (red) near BHPBilliton's Newman operations.



**Fig 9; Homestead Marra Mamba prospect at Western Creek. Aeromagnetic image showing significant drill results. New 2010 intersection in red captions.**

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

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

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

The Anthiby Well CID resource is well located with respect to infrastructure, around 220 kilometres by road from Onslow port, and directly adjacent to the sealed Paraburadoo to Nanutarra Highway. Beneficiation testwork on PQ diamond core has established that parts of the lower grade CID mineralisation is amenable to low cost upgrading using dry screening.

From the PQ diamond core processed, the High Grade (“HG”) composites and the lump fraction of the Upper Low Grade (“ULG”) composite produced Fe grades of around 55-56%Fe, approaching market acceptance, although significantly higher in Al<sub>2</sub>O<sub>3</sub> than ore currently marketed by Robe River. Other components such as SiO<sub>2</sub>, P and S were acceptable.

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

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

Range, where 7 previously untested outcropping zones of hematite have been discovered by Giralia geologists.

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

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

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

Further drilling is scheduled for the December quarter, with permitting other than Native Title clearances in place for the additional drilling.

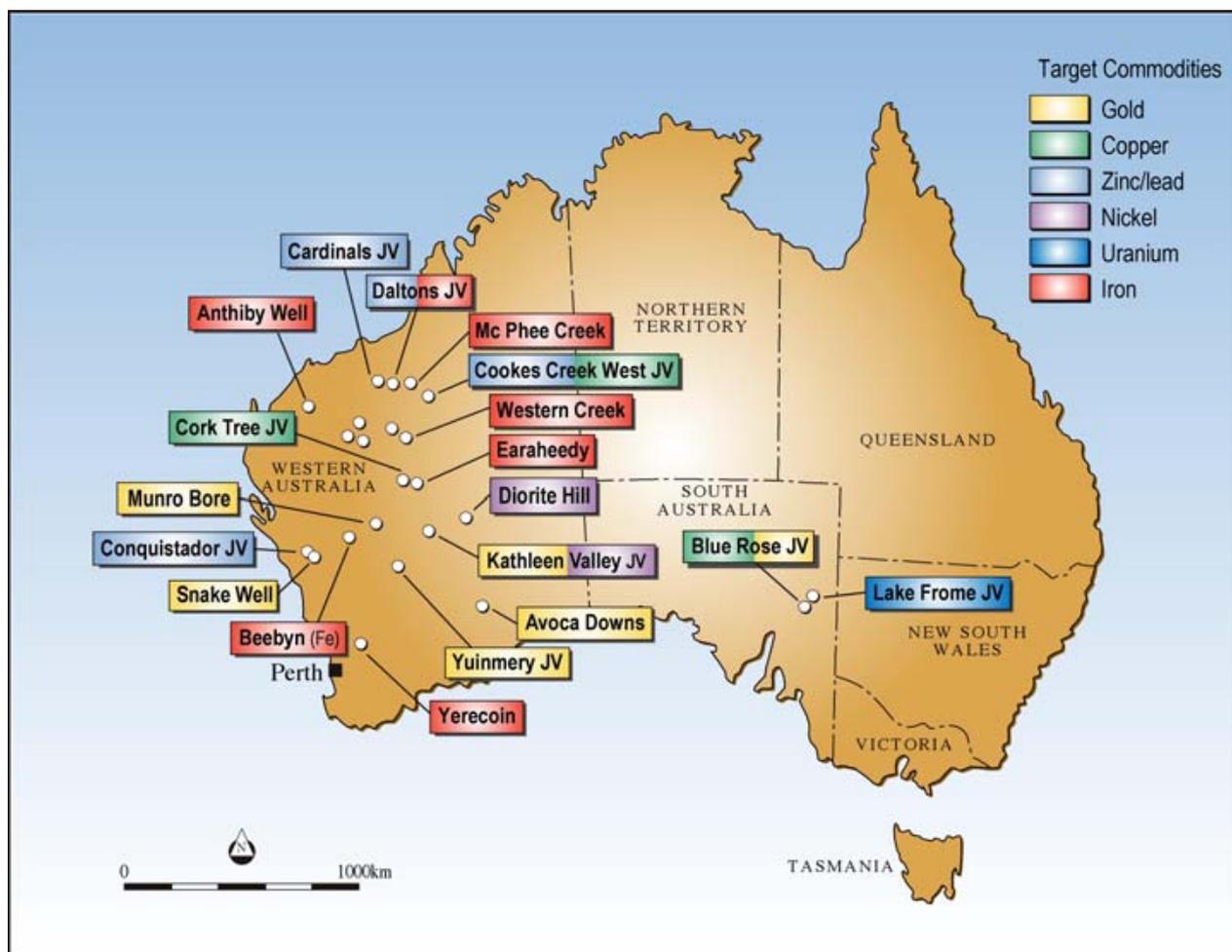
### **Earaheedy Iron Ore Project (Giralia 100%)**

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

Giralia's mapping and rock sampling has confirmed high-grade outcropping hematite mineralization, and better intersections from Giralia drilling include **20 metres @ 55.7% Fe**, within an overall zone of **40 metres @ 51.6% Fe, 24 metres @ 53.8% Fe** from surface including **8 metres @ 58.7% Fe, 12 metres @ 57.3%Fe** from surface and **38 metres to end of hole @ 53.6%Fe**, including **8 metres @ 56.8%Fe, 40 metres @ 50.4% Fe** (open at end of hole), **12 metres @ 55.5% Fe** within **30 metres @ 51.5% Fe**, and **4 metres @ 58.1% Fe**.

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

## OTHER PROJECTS



*Location Plan – Giralia Projects*

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

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

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

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

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

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

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

Significant progress was made in continuing discussions with Native Title claimants at Snake Well in order to progress the grant of key Mining Leases.

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

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

Diamond drilling has previously intersected mineralisation of VHMS style including; 4 metres @ 8.25% Zn, 20.5 g/t Ag, 0.53% Cu and 0.63% Pb from 88 metres and 6.7 metres @ 6.1% Zn including 2 metres @ 18% Zn from 118 metres at Conquistador, and 1 metre @ 4.90% Zn, 14.0 g/t Ag, 0.51% Cu, 0.90% Pb and 5.63 g/t Au from 154 metres, and 2.1 metres @ 2.34% Zn, 13.5 g/t Ag, 0.69 % Cu, 0.22 % Pb and 1.81 g/t Au from 131.4 metres from A-Zone.

Zinc Co reported the completion of a RAB drilling program during the quarter testing IP geophysical features east of the Conquistador prospect.

### **Paterson Joint Venture – Nifty Area (Giralia Resources NL 33.33%, Midas Resources Ltd 33.33%, MPF Exploration Pty Ltd 33.33%)**

Midas Resources Limited, Giralia Resources NL and MPF Exploration Pty Ltd formed the Paterson Joint Venture (**PJV**) in November 2009 and the joint venture is the applicant for Exploration Licences 45/3498, 3499, 3501-3510, 3540 and 3556. Each company has a one third participating interest in the PJV.

The tenement applications cover approximately 1,000km<sup>2</sup> and are located in the highly prospective Paterson Province, Western Australia, on strike from the Nifty Copper Mine and in a highly mineralised district that includes the Telfer Gold Mine and the Kintyre Uranium deposit.

Birla Nifty Pty Ltd (**Birla Nifty**), the owner of the Nifty Copper Mine, and the former holder of the expired exploration licences covered by the PJV's applications has objected to all of the applications on various grounds and has also appealed to the Minister for Mines and Petroleum requesting that the Minister exercise his powers under section 111A of the *Mining Act 1978* (WA) and terminate the PJV's applications. Birla Nifty and the PJV completed their respective submissions to the Minister in February 2010. The PJV has requested that the Minister, in exercising his powers under that Act, refuse Birla Nifty's submission. A decision by the Minister has not yet been made.

If the Minister rejects Birla Nifty's submission the tenement application process will return to the Warden's Court where the outstanding objections made by Birla Nifty will be heard. This process, one commenced, is expected to take 12 to 18 months.

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

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

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

Shallow 1970’s percussion drilling at Cardinals returned an intersection of 10 metres @ 5.9% Zn, 0.94% Cu, 36 g/t Ag (including 2 metres @ 13.2% Zn) just south of a prominent gossan. Zinc Co has completed 15 shallow RC drill holes at Cardinals in 2008 with intersections including 5m @ 3.9% Zn, 0.3% Pb, 0.6% Cu, 37 g/t Ag, and 2 diamond drill holes in 2009 to test EM anomalies south of the Cardinals gossan. Best assay results were 1m @ 4.96% Zn, 0.23% Pb, 0.18% Cu, 9 ppm Ag, and 3m @ 2.59% Zn, 0.15% Pb, 0.43% Cu, 25 ppm Ag. Zinc Co reported no work during the quarter.

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

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

During the quarter Hazelwood completed a 3 hole/500 metres NQ diamond drilling program at the Reedies Creek prospect, in an area previously explored for porphyry Cu/Mo style mineralisation in the late 70’s. The geology of the area includes highly altered acid and intermediate tuffs and volcanic rocks, intruded by a tonalite body in the south west. Locally over the target area there is quartz stockworking in a granodiorite and a porphyry.

**Table: Drilling results Reedies Creek diamond drilling**

Hole No	Coordinates		Dip / Az	Depth (m)	From (m)	To (m)	Interval (m)	Copper %
	East	North						
10RCD001	216,957	7,605,824	-70/260	150	12	13	1	0.11
					15	16	1	0.1
					68	88	20	0.12
					93	94	1	0.12
					100	101	1	0.15
					104	105	1	0.10
					106	107	1	0.11
					109	110	1	0.19
					116	118	2	0.11
					124	125	1	0.11
					133	142	9	0.13
					147	150	3	0.10
10RCD002	216,953	7,605,835	-80/080	175	7	23	16	0.12
				incl.	20	21	1	0.32
					105	120	5	0.16
				incl.	109	110	1	0.36
				and	112	113	1	0.54
					132	133	1	0.22
					163	164	1	0.12
10RCD003	217,047	7,605,797	-80/080	175	33	34	1	0.11
					39	41.5	2.5	0.19
					64	66	2	0.12

Spot highs for molybdenum (0.12% Mo) and gold (0.25 g/t Au) were recorded, in addition to the copper zones. The geological data obtained from this program is still being analysed to determine the best way to follow up this program.

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

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

The Blue Rose oxide copper deposit contains intersections such as: 46 metres @ 2.2% copper and 0.8 g/t gold from 11 metres depth, (including 28 metres @ 3.0% copper and 0.8 g/t gold). Beneath the oxide zones, drilling has intersected copper-gold-molybdenum sulphide mineralisation, which is open to extension along strike.

The Netley Hill molybdenum prospect comprises a broad near surface zone of molybdenum mineralisation with drill intersections including 40 metres @ 0.05% molybdenum and 1 g/t silver from 11 metres.

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

**Iron Ore**

Reconnaissance mapping and rock chip sampling has identified magnetite rich units of the Braemar Iron Formation within the Blue Rose JV area, along strike from the Razorback Ridge target recently optioned by Royal Resources Limited (some 20km west of the Blue Rose JV tenure). The northern magnetite rich units exposed at surface show variable but locally high-iron content, up to 50.8% Fe, with two additional discrete, southern iron formation units interpreted to occur beneath alluvium based on the presence of strong aeromagnetic anomalies.

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.

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

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

Empire has announced an Indicated and Inferred resource of 1,070,000 tonnes at 1.82% copper and 0.78g/t gold at its adjoining wholly owned Yuinmery project.

Initial work by Empire on the JV tenements has involved rock chip sampling and a detailed ground based EM survey to better define some of the airborne anomalies. Rock chip samples, which included values up to 3,370 parts per million (ppm) Cu with many around 2,000 ppm Cu. were collected from the Lorne Gossan area. A ground based EM survey has just been completed by Empire over 13 of the 22 airborne

anomalies located by La Mancha Resources. Although a full interpretation of the data is awaited, initial results confirm two very strong bedrock conductors.

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

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

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

Xstrata Nickel (formerly Jubilee Gold Mines NL) operates the Kathleen Valley and Mt Harris joint venture tenements north of the Cosmos nickel mine. Xstrata reports no work during the quarter.

R M Joyce

29 October 2010

**Director**

**Perth, WA**

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

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

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

*The information in this Report that relates to in-situ Mineral Resources at Beebyn and Mc Phee Creek CID is based on information compiled by Malcolm Titley of CSA Global. Malcolm Titley takes overall responsibility for the Report. He is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2004 Edition). Malcolm Titley consents to the inclusion of such information in this Report in the form and context in which it appears.*

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

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