

ACQUISITION OF MEDCALF PROJECT

ANNOUNCEMENT

19 JANUARY 2012

Audalia Resources Limited (**Audalia**) (ASX: ACP) is pleased to announce that as part of its growth strategy, a vanadium-titanium project has been acquired. The Medcalf project comprises 3 granted Exploration Licences E63/1068, E63/1405 and E63/1406 totalling 1,740 hectares (17.4 km²) in size.

The Medcalf project is located towards the southern end of the Archaean Lake Johnston greenstone belt. This greenstone belt is a narrow, north-northwest trending belt approximately 110 km in length. It is located near the south margin of the Yilgarn Craton, midway between the southern ends of the Norseman-Wiluna and the Forrestania-Southern Cross greenstone belts. Previous work carried out by numerous holders of the tenements over the last 40 years includes exploration for nickel, titanium/vanadium, platinum group metals (PGM) and gold.

The Company has paid the purchase price of \$150,000 (plus GST) to the vendors in consideration for acquiring 100% of the Medcalf project. Field work is expected to commence this month to map the area and collate all historic data for a drill programme and to explore for vanadium.

Audalia will continue to actively review and assess other projects in the resource sector, both in Australia and overseas, by way of acquisition or investment/ joint venture.

Authorised by:

Soo Kok Lim
Executive Chairman