

QUARTERLY ACTIVITY REPORT

Period: January - March 2004
 29 April 2004

SUMMARY

- ❖ Corporate
 - Admission to AIM - London Stock Exchange, March 2004
 - Capital Raising UK£700,000 (A\$1.7 million)
 - Voluntary relinquishment of Directors' options
- ❖ Abu Dabbab Project
 - Scoping Study indicates doubling of Tin revenue to US\$10 million/year
 - Tantalum 5-year Off-take LOI – expected revenue US\$17 million
 - Bankable Feasibility Study near complete
- ❖ Evaluation of complimentary projects within Egypt

The Directors of Gippsland Limited ("Gippsland" or "the Company") are pleased to provide the following activity report for the period January to March 2004.

CORPORATE

Admission to AIM - London Stock Exchange

On 9 March 2004, Gippsland was admitted to the London Stock Exchange Limited's ("LSE") Alternative Investment Market ("AIM") in doing so become the first Australian company to list on AIM via the fast track Designated Markets route.

Consequently the Company's securities now trade on the ASX and the LSE under the following symbols:

Gippsland Security	ASX Code	LSE TIDM ¹
Ordinary Fully Paid Shares	GIP	GIP
Options	GIPO	GIPO

Grant Thornton (UK) was appointed as Nominated Advisor² while the UK based broker Hoodless Brennan & Partners Plc was appointed as the Company's Broker.

In addition 2,790,567 unlisted options (with an exercise price of 2.8 UK pence and expiring on or before 8 March 2007) were issued to Hoodless Brennan & Partners Plc as part consideration for co-ordinating the placement and a further 100,000 listed options were issued to a UK based public relations consultant.

Fundraising

In conjunction with the AIM admission Gippsland raised £0.7 (A\$1.7) million through the issue of 25 million ordinary shares at 2.8 pence (A\$0.068) each to institutional and other investors. The placement was facilitated by Hoodless Brennan & Partners Plc.

¹ TIDM – (Tradable Instrument Display Mnemonic), the mnemonic code allocated by the LSE and used to identify a tradable instrument. Previously called an EPIC code.

² Nominated Adviser (NOMAD), a LSE-approved AIM adviser. AIM companies must retain a NOMAD at all times.



Cancellation of Directors' Unlisted Options

During the quarter Gippsland Directors finalised the cancellation of the Company's class of unlisted options each of which have an exercise price of 14 cents and an expiry date of 11 July 2004. These 11,000,000 unlisted options were cancelled for no consideration as a consequent of which this class of unlisted options ceased to exist.

A total of 9,250,000 of the options were held by Gippsland Directors who agreed to cancel their unlisted options in order to simplify Gippsland's capital structure so as to assist the Company's admission to the LSE/AIM. Gippsland Directors were also of the view that a more simplified capital structure will facilitate the attraction of substantial European investors to the Company's share register.

40Mt ABU DABBAB PROJECT – TANTALUM, TIN, FELDSPAR

Doubling of Tin Revenue

The Directors have determined that the recent substantial rise in the price of tin will considerably improve the economics of the Abu Dabbab project.

The Abu Dabbab scoping study completed by Lycopodium Pty Ltd indicates that, based upon a mill feed-rate of 1Mtpa, the Abu Dabbab project would produce approximately 1,000 tonnes of tin per annum over the estimated mine life of 40 years. Tin revenues to be generated from Abu Dabbab are estimated to be the third largest after the revenues to be generated from the sale of tantalum and feldspar.

The tin revenues contained in the scoping study were based upon a London Metal Exchange Limited ("LME") tin price of US\$3,954 per tonne whereas the current LME tin price is in the order of US\$9,000 per tonne. Based on the scoping study, the increase in the price of tin is estimated to generate *additional revenue of US\$5 million per annum* over the 40-year period which equates to more than *US\$200,000,000 of additional revenue* over the mine's projected life. Consequently, the Abu Dabbab scoping study Net Present Value (NPV) increased from US\$127 million to US\$185 million (at a discount rate of 6%) while the Internal Rate of Return (IRR) moved from 36% to 49%.

Tantalum Off-Take

During the quarter the Directors of Gippsland announced that the Company had entered into a letter of intent ("LOI") with a major Asian group of companies ("the Group") in relation to the off-take of 500,000 pounds of tantalum to be produced at the Company's 40Mt Dabbab tantalum-tin-feldspar ("Abu Dabbab") project located in Egypt.

The Group is a major blue chip international industrial operation involved in the tantalum processing industry.

Pursuant to the LOI, Gippsland and the Group ("the Parties") will proceed to execute an off-take agreement for 100,000 pounds of tantalum per annum for an initial period of five years commencing during 2005, which based upon the current tantalum market price is anticipated to produce revenue in excess of US\$17 million (A\$22 million) over the five year period.

Under the LOI, the Parties have the option to consider Gippsland undertaking down-stream processing to produce high purity tantalum and/or any tantalum derivatives which the Group may require from time to time.

The Directors are currently undertaking detailed off-take negotiations with two leading tantalum concentrate consumers with respect to an additional 320,000 pounds of tantalum, which at an initial mill feed-rate of 1Mtpa, represents the balance of the estimated initial production capacity of 420,000 pounds of tantalum per annum.

Feldspar Off-Take

As announced, an initial heads of agreement has been executed with a major European group for the off-take of 2.65Mtpa of feldspar over a 5-year period which based on current prices CIF



Europe is anticipated to produce revenue in excess of US\$90 million over the 5-year period. Discussions are currently under way with additional consumers of feldspar with the aim of concluding further off-take agreements which will facilitate the early expansion of the mill feed-rate from 1Mtpa to an anticipated 2Mtpa.

ABU DABBAB BANKABLE FEASIBILITY STUDY

During the quarter sound progress was achieved in taking the bankable feasibility study ("BFS") forward. The BFS is scheduled for completion during mid-July 2004.

On-Site Engineering Studies

The majority of the work associated with the BFS focused upon on-site engineering and costs associated with overall project.

During March 2004 a team of Gippsland's engineers visited Abu Dabbab to undertake various tasks associated with the BFS. This engineering work extended to hydrology, hydrogeology, environmental impact study plus the geotechnical engineering associated with both the mine site and the process plant site. The work also included engineering tasks associated with the bulk feldspar shipping facilities.

The engineers confirmed that the proposed mine-site and plant-site were well suited for the establishment of mining and engineering facilities.

New Access Road

During March 2004 Gippsland engineers delineated a new Abu Dabbab access route which is well suited for the construction of an access road and most importantly is approximately 6km shorter than the present Wadi Abu Dabbab route

The delineation of this new route is considered to be a most significant development in that it will reduce the capital outlay required for the construction of the road between the mine-site and the process plant-site. Additionally the new route will result in reduced road maintenance and ore haulage costs, most significant benefits which will accrue over the life of the project.

Pilot Plant Testwork

During the quarter the Directors undertook a technical review of a new but commercially untried flotation process which at laboratory scale had demonstrated recoveries in the order of 80% for both tantalum and tin. While the laboratory testwork demonstrated increased recoveries it was determined that high reagent costs and the associated complicated flow-sheet did not provide an advantage over the traditional gravity separation process route. Additionally it was considered that the disposal of tailings resulting from the flotation route may pose an environmental risk. Conversely the well tested gravity process route does not use tantalum and tin flotation chemicals whilst achieving recoveries rates in the order of 70%.

Thus, Abu Dabbab will proceed by way of well tested and proven gravity recovery process. The testwork for the gravity process is nearing completion.

98Mt NUWEIBI DEPOSIT – TANTALUM-TIN-FELDSPAR

It is anticipated that the 98Mt Nuweibi deposit will be processed at the Abu Dabbab process plant to be located some 15km distant. During March 2004, Gippsland confirmed that the existing track linking the deposit with the process plant-site is well suited for the establishment of a haul road.

As is the case with the Abu Dabbab deposit, the mineralogy of the Nuweibi deposit is relatively simple in that it does not contain high levels of detrimental contaminants or minerals associated with uranium and thorium which curse a number of tantalum deposits throughout the world preventing commercial development.

The Nuweibi mineralisation is exposed as a hill of up to 115 metres in height above the wadi floor while diamond drilling programmes determined that the mineralisation extends to 200 metres



below the wadi floor. Like the Abu Dabbab deposit, Nuweibi is well suited to open-pit mining at an expected waste/ore strip ratio of less than 1.5:1. It is anticipated that the use of one processing plant for both the Abu Dabbab and Nuweibi deposits will greatly enhance the project's economics.

Like Abu Dabbab, the Nuweibi is 50% owned by Gippsland by way of a joint venture with the Egyptian Government. Ownership of both deposits is the form of Mining Licences having tenure of 30 years with an optional 30-year extension.

NEW PROJECTS

The Directors are continuing to evaluate new North African resource projects which will compliment the Company's existing activities in Egypt. Gippsland is currently reviewing a number of Egyptian gold and base metals projects with the aim to further diversify the Company's activities and asset base in that country. While projects having the capacity to produce early cash-flows are of particular interest, the prime focus is directed towards potentially world-class projects.

The Company's dual ASX – LSE/AIM listing is expected to assist the Company's North African expansion plans initiatives.

OUTLOOK

The Directors are confident that the outlook for the Abu Dabbab project and Gippsland is most encouraging.

- ❖ Abu Dabbab
 - Bankable feasibility study scheduled for completion mid-July 2004
 - Positive metallurgical testwork results are being achieved
 - Encouraging tantalum and tin markets
 - Most opportune start-up timing (late 2005) – robust tin & tantalum markets.
- ❖ Possible expansion of asset base with new Egyptian projects

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Note: In accordance with Listing Rule 5.10 of the Australian Stock Exchange Limited, the geological information in this report that relates to mineral resources and ore reserves is based on information compiled by Gippsland Director Dr John Chisholm, who is a Fellow of the Australasian Institute of Mining and Metallurgy, with over 30 years experience in the mining industry.