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GIPPSLAND LIMITED

13 January 2005

Media Release ASX – LSE Announcement

INCREASED TANTALUM OFFTAKE

On 17 May 2004 the Directors of Gippsland Limited ("Gippsland" or "the Company") announced that the Company had entered into an off-take agreement for the sale of 320,000 pounds of tantalum per year over a 4-year period.

The Directors are most pleased to advise that the Company has now entered into a formal Sale and Purchase Agreement ("Agreement") for an expanded off-take (on a 'take or pay' basis) with the same purchaser ("Purchaser") for a new total of 480,000 pounds of tantalum per year for a fixed period of 5 years. The price of the tantalum, which has been fixed for the whole of the contract period, will remain confidential for commercial reasons. The Directors advise that the agreed price is consistent with that used in the Abu Dabbab bankable feasibility study completed during November 2004.

Additionally, over the 5-year period, the Purchaser has been granted the first right of refusal for an additional 70,000 pounds of tantalum per year subject to such quantities being available for sale. The price for this additional tantalum off-take is fixed for the 5-year period and is the same as that applicable to the 480,000 pound yearly off-take.

As previously announced, the Company has also entered into a Heads of Agreement with a major Asian tantalum consumer for the off-take of 100,000 pounds of tantalum per year.

Gippsland Chairman Jack Telford stated "With the signing of this Agreement with one of the global leaders in the tantalum industry, Gippsland has in effect pre-sold 100% of the Abu Dabbab Project's scheduled tantalum production of 650,000 pounds per year for the first 5 years of business".

The Directors are cognisant of the fact that the execution of this Agreement represents a major change in the global tantalum industry that has historically relied largely on tantalum production by Sons of Gwalia Limited which recently entered into voluntary administration.

The Directors consider that the Abu Dabbab Project's zero domestic revenue tax regime, low labour costs, a diesel fuel cost of only US$0.09/litre, a mining strip ratio of 1.1:1 and a 138 million tonne resource base, will ensure that the Abu Dabbab Project sets the worldwide benchmark for low tantalum production costs for several decades.

The 40Mt Abu Dabbab project is 100% owned by the Egyptian registered company Tantalum Egypt, in which Gippsland has a 50% interest by way of an incorporated joint venture with the Egyptian Mineral Resources Authority (formerly named Egyptian Geological Survey & Mining Authority). Tantalum Egypt also owns the Mining Licence for the 98Mt Nuweibi tantalum deposit located some 17km from Abu Dabbab.

Tantalum (Ta) metal is ductile, easily fabricated and highly resistant to corrosion by acids. It is an excellent conductor of heat and electricity and has a high melting point (2,996°C). The major use for tantalum, as tantalum metal powder, is in the production of electronic components, mainly tantalum capacitors. Major end uses for tantalum capacitors include portable telephones, pagers, personal computers, and automotive electronics. Alloyed with other metals, tantalum is also used in making carbide tools for metalworking equipment and in the production of superalloys for jet engine components.

Yours sincerely

R J (Jack) Telford
Executive Chairman

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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 25 years experience in the mining industry