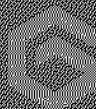


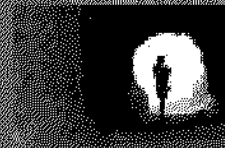
2005

ANNUAL REPORT



GIPPSLAND LIMITED

ABN 31 004 766 376



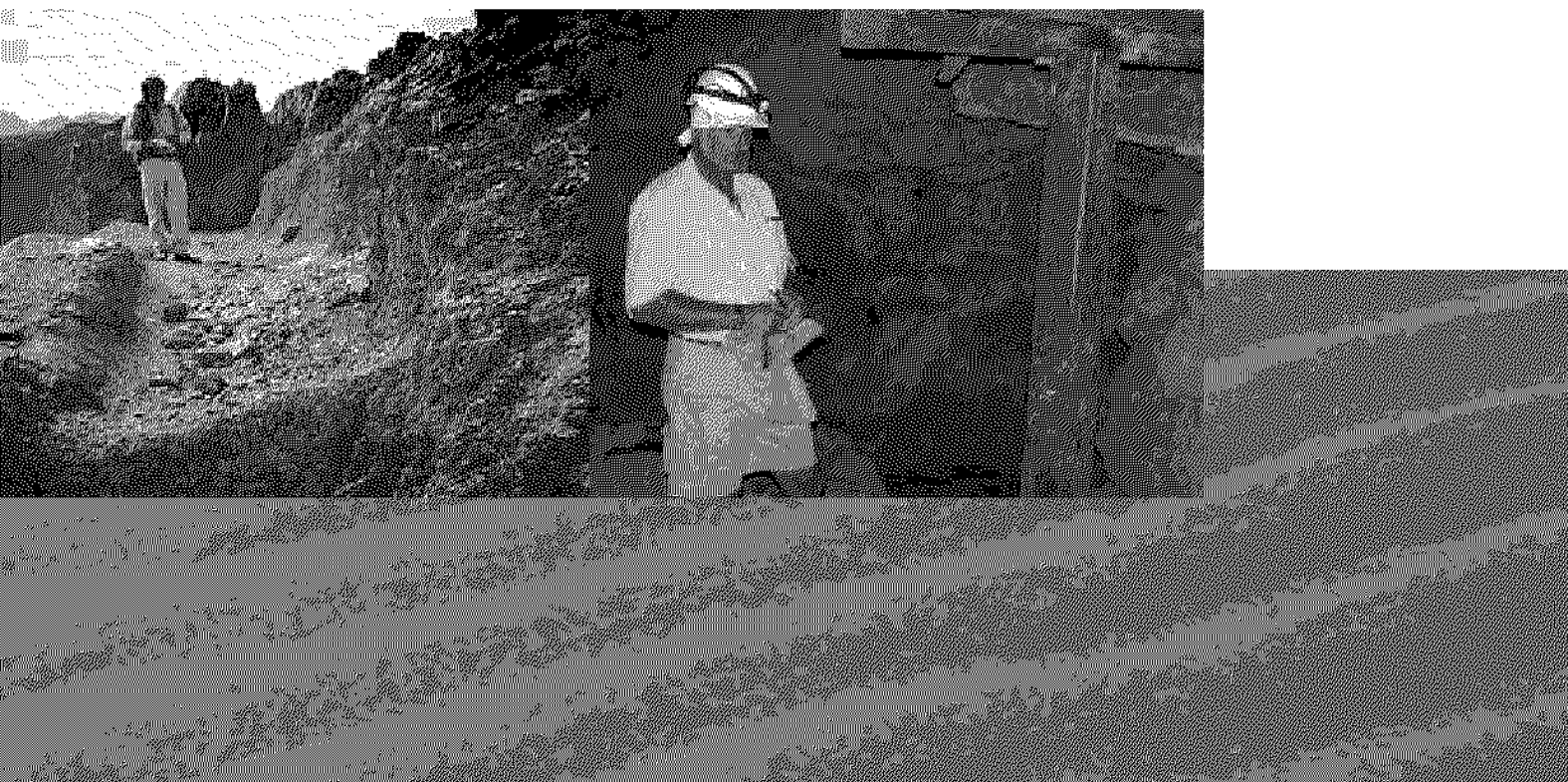
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CORPORATE DIRECTORY

DIRECTORS

Robert John (Jack) Telford – Executive Chairman
John Morrison Chisholm – Executive Director
John Stuart Ferguson Dunlop – Non-Executive Director
John Damian Kenny – Non-Executive Director

COMPANY SECRETARY

RS (Sam) Middlemas

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AUSTRALIAN STOCK EXCHANGE	The Company's securities are quoted on the official list of the Australian Stock Exchange Ltd (ASX), the home exchange being: The Australian Stock Exchange (Perth) Ltd 2 The Esplanade Perth WA 6000 Australia
ASX CODES	Shares - GIP, Listed Options - GIPO
LONDON STOCK EXCHANGE	The Company's securities are quoted on the London Stock Exchange Plc's (LSE) Alternative Investment Market (AIM): Old Broad Street London EC2N 1HP United Kingdom
LSE - AIM CODES	Shares - GIP, Listed Options - GIPO

HIGHLIGHTS

- COMPLETION OF 2MTPA ABU DABBAB BANKABLE FEASIBILITY STUDY ENDORSING ECONOMIC VIABILITY OF THE PROJECT - OPERATING MARGIN APPROXIMATELY US\$170 MILLION OVER 20-YEAR PERIOD
- APPROVAL OF ABU DABBAB ENVIRONMENTAL IMPACT ASSESSMENT COMPLETED TO EGYPTIAN AND WORLD BANK STANDARDS
- GRANTING OF ABU DABBAB FREE TRADE ZONE PROVIDING TAX-FREE STATUS, EXEMPTION FROM CUSTOMS IMPORT DUTY AND SALES TAX FOR LIFE OF PROJECT
- EXCELLENT TIMING FOR COMPANY TO BE POSITIONED TO BECOME MAJOR LONG-TERM SUPPLIER TO EXPANDING GLOBAL TANTALUM MARKET
- HIGHLY ENCOURAGING WADI ALLAQI GOLD EXPLORATION RESULTS DELINEATING ADDITIONAL HIGH-PRIORITY DRILLING TARGETS
- SHARE PLACEMENT IN DECEMBER 2004 TO RAISE CAPITAL RAISING UK£600,000 (A\$1.4 MILLION)
- BOARD APPOINTMENT OF HIGHLY EXPERIENCED MINING ENGINEER

CHAIRMAN'S REPORT

It is my pleasure to report to shareholders on the past year in which Gippsland Limited has achieved some significant milestones setting the scene for the Company's operations for next decade and beyond.

During the year the Abu Dabbab bankable feasibility study (BFS) was completed based upon a mill feed-rate of 2 million tonnes per year and the production of in excess of 650,000 pounds of tantalum pentoxide plus some 1,530 tonnes of +99% tin metal per year. The BFS predicated that the project will generate a net free cashflow of approximately US\$170 million over a 20-year period. The BFS is the first ever such study undertaken in Egypt.

The 2Mt Abu Dabbab BFS was completed in parallel with a detailed Environmental Impact Assessment undertaken by the Egyptian environment group Environics in association with the German company Dorsch Consult. The international environmental engineering group Knight Piésold also made a significant contribution to the EIA prepared to comply with the World Bank Group guidelines which complemented those provided by Egyptian legislation. The EIA has been approved by the Egyptian Governments Environmental Affairs Agency. Like the BFS, the EIA is the first ever concluded in Egypt to international standards.

Having completed the 2Mtpa Abu Dabbab BFS the company is presently negotiating with a major international banking institution in respect to project finance.

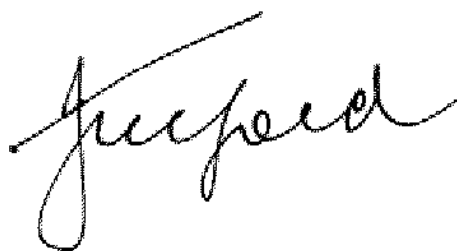
During the past year, the Company negotiated a Free Trade Zone status for the 40 million tonne Abu Dabbab project which will enable it to operate in a tax free environment whilst enjoying a number of other benefits including but not limited to relief from customs import duty and sales tax.

The Company's Egyptian Abu Dabbab and Nuweibi tantalum deposits having a combined resource base of 138 million tonnes ensure that Gippsland is well positioned to become a leading long-term global tantalum producer. In light of the present high level of uncertainty in the global tantalum supply chain, the Abu Dabbab project is set to provide an attractive supply alternative to major tantalum consumers for several decades.

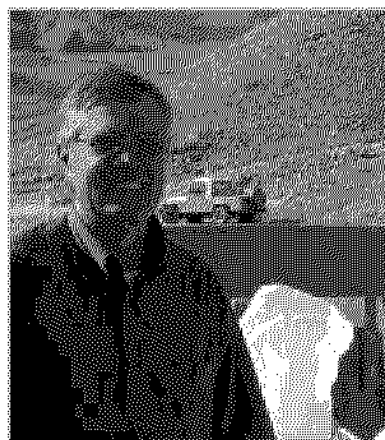
The Company's gold exploration within the Wadi Allaqi region of Egypt has produced exciting results and generated numerous high-priority RC drilling targets. The work of the past year has greatly increased the likelihood of a significant gold resource being delineated within the Company's tenements. Encouraged by the results of the past year, the Company has made application for a number of additional gold exploration tenements within this region.

On behalf of the Board of Directors I thank our many loyal shareholders for their considerable support and encouraging feed-back during the past year and predict that the high level of activity planned for the year ahead bodes well for the Company and shareholders alike.

In particular I wish to acknowledge and thank His Excellency Eng Sameh Fahmy, Minister of the Egyptian Ministry of Petroleum, First Undersecretary Eng Amgd Ghoneim of the same ministry and Dr Sherif Sousa Chairman of Egyptian Mineral Resources Authority for their substantial support and assistance during the past year. Pleasingly Gippsland has always had a close and most amicable relationship with its Egyptian partners, an association that is destined to endure for decades to come.



RJ (Jack) Telford
Executive Chairman
September 2005



TANTALUM INDUSTRY OVERVIEW

When Swede Anders Gustaf Ekeberg (1767-1813) discovered tantalum in 1802, it was initially thought that niobium and tantalum were the same element. He called it tantalum after Tantalus, the son of Zeus, who was condemned to eternal frustration and could not drink even though he was standing in water up to his neck. The isolation of this new element was a 'tantalizing' experience, hence the name.

Elemental tantalum is metallic, heavy, grey and very hard. At temperatures below 150°C tantalum is almost completely immune to chemical attack. Only hydrofluoric acid, acidic solutions containing the fluoride ion, and free sulphur trioxide affect the metal at these temperatures. Only tungsten and rhenium have higher melting points than tantalum.

TANTALUM SOURCES

Tantalum ores are found primarily in Australia, Africa, Canada and Brazil with some additional quantities located in Southeast Asia. Tantalum is typically hosted in relatively small pegmatites (1 – 100 million tonnes) and the generally larger apogranite bodies (100 – 1,000 million tonnes). The mineralisation in pegmatite deposits typically has a tantalum pentoxide (Ta_2O_5) content of 100 – 1,000g/t however the mineralisation is usually found to be quite variable throughout the deposit and often requiring high-cost underground mining. Conversely, the usually larger apogranite deposits tend to be of a lower grade, however this can be off-set by mineralisation which is uniformly distributed through the deposit, thus being ideal for low-cost open-pit bulk mining.

Both types of deposits can be either simple or complex, and thus difficult to process. Tantalum usually occurs with its relatively low value sister metal niobium plus tin. Deposits in which the tantalum is dominated by niobium are less economically viable while the development of tantalum resources containing excessive levels of uranium and thorium may be prevented due to international transport regulations pertaining to the transport of radioactive substances.

TANTALUM MINERAL PROCESSING

Tantalum ores are typically processed by careful milling of the ore to liberate the fine tantalum minerals. Following this initial stage, the milled ore is subjected to a series of physical or non-chemical processes involving the use of gravity separation techniques. The gravity techniques utilise the earth's natural gravitational (1G) force to separate the heavy tantalum (plus tin and niobium) minerals from the lighter host rock or waste. The separation process also typically employs enhanced gravity equipment by applying centrifugal forces of up to 300G to separate heavy and light fractions.

The tantalum concentrate produced then undergoes a series of complex chemical processes to separate the tantalum from niobium and tin whilst also removing certain impurities to produce a saleable concentrate containing between 10% and 30% Ta_2O_5 .

TANTALUM APPLICATIONS

Tantalum is a grey metal, classed as a refractory metal because it is resistant to chemical attack. For industrial use, its important properties are a high melting point, ductility which allows it to be drawn into wire, and malleability which allows sheets and tubes to be made. Once exposed to air, the metal is covered with a thin layer of oxide which allows it to resist fluids in the human body, and also acids and other corrosive liquids, in the chemical industry. It has a high dielectric, which makes it so valuable in capacitors for the electronics industry.

Tantalum capacitors form an integral component in the production of mobile telephones, telecommunication infrastructure, laptop computers, auto-electrics plus still and video digital cameras. Because of the metal's resistance to corrosion it is used in chemical plant and equipment. Its high melting point (2,997°C) and low thermal coefficient of expansion make it a crucial component of jet engine turbine blades. As tantalum carbide, one of the hardest substances known to man, it is used for cutting tools.

TANTALUM MARKET

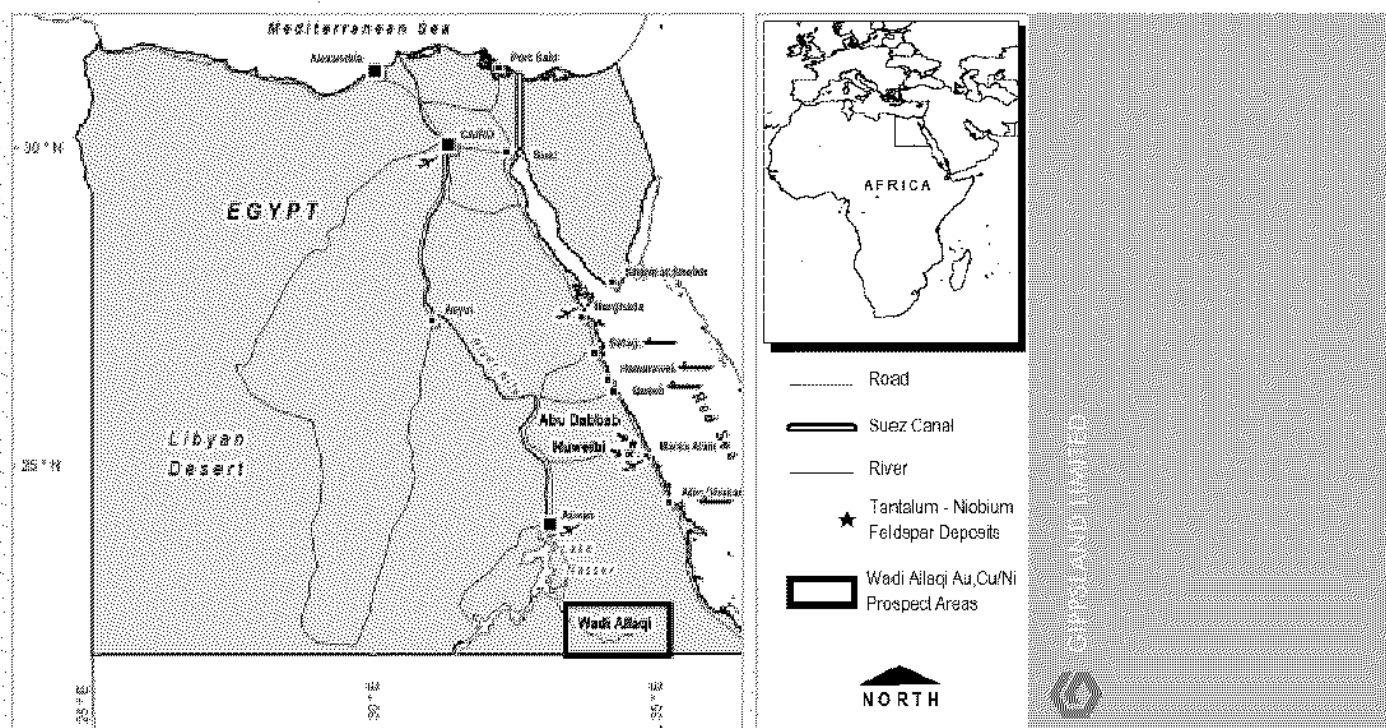
The majority of the world's tantalum is sold by way of long-term off-take agreements between the miner and the tantalum refiner/metal producer. Tantalum is not sold via a regulated market as is for gold, copper, zinc and tin.

The global tantalum Ta_2O_5 market is estimated to be in the order of 4.7 – 5.1 million pounds ($\approx$ 2,200 tonnes) per annum for the years 2005 – 2006. Industry commentators suggest that the market is growing at a rate of about 7% per annum.

HC Starck GmbH, a subsidiary of the German company Bayer AG, is generally considered to be the world's leading tantalum concentrate consumer/processor followed (not in order) by Cabot Corporation (USA), Ulba OJSC (Kazakhstan), Mitsui-Kinzoku (Japan) and Ningxia Non-Ferrous Metals (China) plus various other Chinese groups.

REVIEW OF OPERATIONS

Gippsland has a controlling 50% interest in the Egyptian Abu Dabbab and Nuweibi tantalum-tin-feldspar deposits having a combined resource of 138 million tonnes. It also has a similar interest in eight highly prospective gold prospects and one copper-nickel prospect located in the Wadi Allaqi region situated to the south-east of Aswan in Egypt. The Company has a free-carried 40% interest in the Queen Hill tin deposit located at Zeehan in Tasmania, Australia.

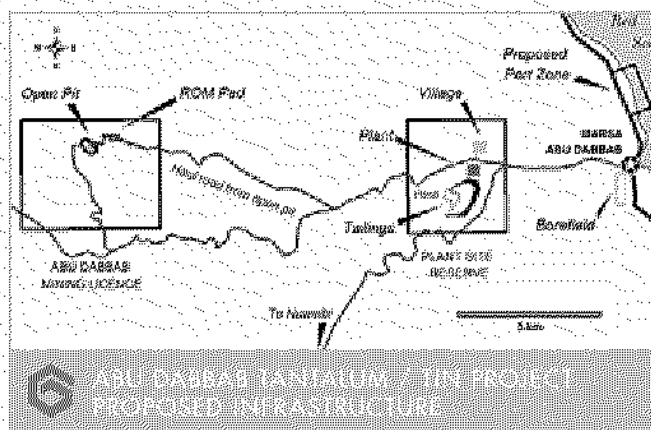
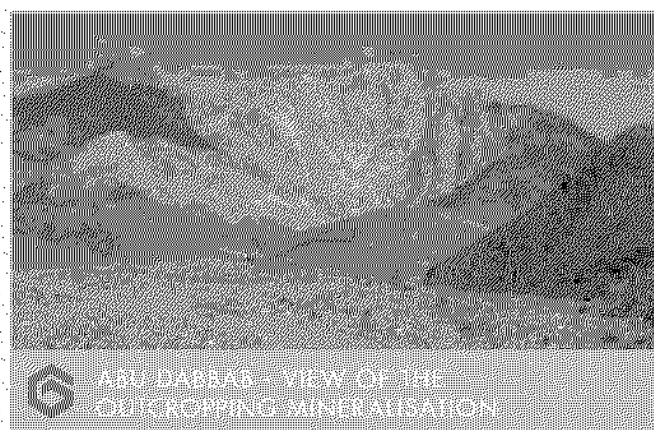


ABU DABBAB - 50% GIPPSLAND

INTRODUCTION

Gippsland has recently completed a Bankable Feasibility Study (BFS) for the Company's 40 million tonne Abu Dabbab tantalum-tin-feldspar deposit and is progressing to financing the development of the project which is located within the Central Eastern Desert in Egypt about 25km from western shore of the Red Sea.

The Abu Dabbab deposit is covered by two Exploitation Leases (1658 & 1659) granted in the name of Tantalum Egypt LLC, a company incorporated in Egypt and held 50% by the Egyptian government owned Egyptian Mineral Resources Authority (EMRA) and 50% by Tantalum International Pty Ltd a wholly owned subsidiary of Gippsland Ltd. The Abu Dabbab plant site 14km² in area is located 6km from the Red Sea coast has been secured under Ministerial Decree No 11/2003.



Abu Dabbab Resources at 0.01% Ta₂O₅ cut-off:

Measured	12Mt at 0.0274% Ta ₂ O ₅ & 0.165% SnO ₂
Indicated	2.1Mt at 0.0260% Ta ₂ O ₅ & 0.20% SnO ₂
Inferred	26Mt at 0.0240% Ta ₂ O ₅ & 0.08% SnO ₂
Total all categories	39.9Mt at 0.0252% Ta ₂ O ₅ & 0.11% SnO ₂

Abu Dabbab Ore Reserves included in above Resources:

Proven	12.5Mt at 0.026% Ta ₂ O ₅ & 0.158% SnO ₂
Probable	2.1Mt at 0.025% Ta ₂ O ₅ & 0.199% SnO ₂
Total reserves	14.6Mt at 0.026% Ta ₂ O ₅ & 0.164% SnO ₂

BANKABLE FEASIBILITY STUDY

During the year the Company completed a BFS which confirmed that the world-scale 40Mt Abu Dabbab deposit has the potential to become a major global supplier of tantalum whilst operating from a low cost base. The BFS and subsequent testwork determined that the Abu Dabbab is scheduled to produce in excess of 720,000 pounds of tantalum pentoxide thus firmly establishing the project as the world's second largest tantalum supplier. The Abu Dabbab project is also scheduled to produce 1,680 of tin metal per year.

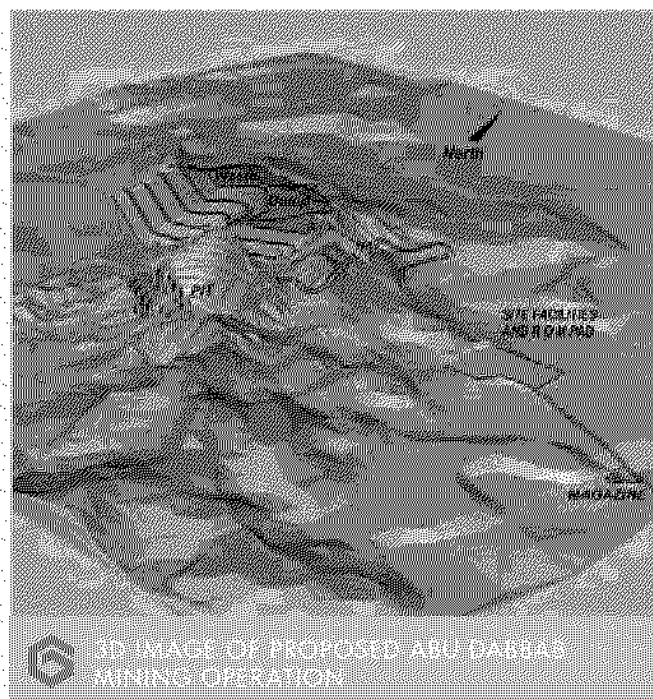
The BFS determined that the project has the capacity to generate a net cash flow in excess of US\$170 million during its estimated 20-year mine life.

ABU DABBAB (CONT)

TANTALUM OFF-TAKE AGREEMENTS

The Company has now entered into a sale and purchase off-take agreement for 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 agreed price is consistent with that used in the Abu Dabbab BFS completed during November 2004.

Additionally, over the 5-year period, the same 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, at the same price.



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.

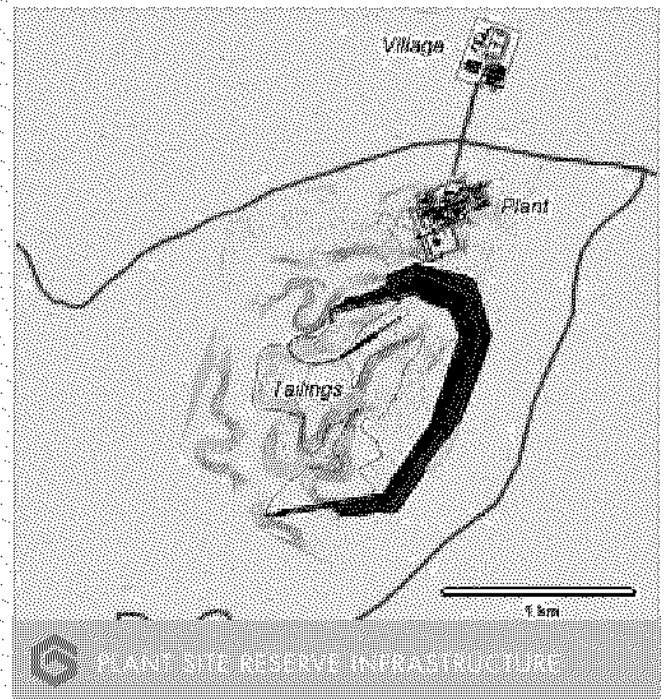
The 1,680 tonnes of tin per annum will be sold direct to industry and/or via the London Metal Exchange.

The Abu Dabbab project has the potential to produce approximately 1.5 million tonnes per annum of ceramic grade feldspar. Consideration of this additional phase of the project will be undertaken following commissioning of the Abu Dabbab tantalum/tin operation. Gippsland has entered into Heads of Agreement with a major Italian group for the off-take of 2.65 million tonnes of feldspar delivered over a 4-year period.

ENVIRONMENTAL IMPACT ASSESSMENT

During July 2005, Gippsland completed the Abu Dabbab Environmental Impact Assessment (EIA) which was undertaken by the Egyptian environment group Envirionics in association with the German company Dorsch Consult and the international environmental engineering group Knight Piésold.

The structure and content of the EIA, undertaken over a period of some 16 months, was completed in accordance with Egyptian Environment laws whilst complying with the World Bank Group guidelines which complimented those provided by Egyptian legislation.



The EIA has been approved by the Egyptian Environmental Affairs Agency.

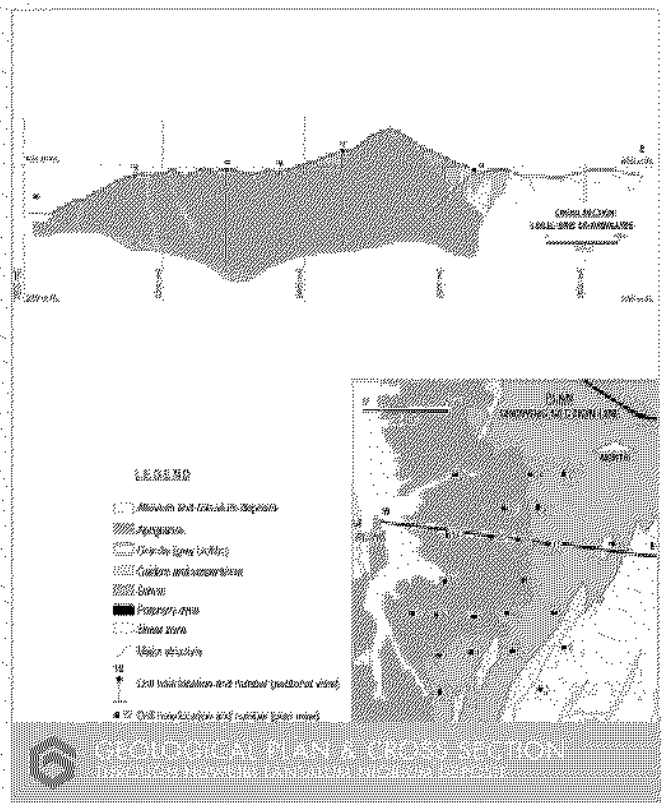
NUWEIBI - 50% GIPPSLAND

LOCATION

The Nuweibi tantalum-niobium deposit is located 17km to the south-southwest of the Abu Dabbab deposit and 25km inland from the Red Sea.

RESOURCES

The resources at Nuweibi have been estimated by Gippsland using the ore block modelling method at a 0.01% Ta_2O_5 cut-off.



Tin mineralisation was first discovered at Nuweibi in 1944 and it was not until 1970 that the more valuable tantalum mineralisation was recognised. The deposit was the subject of detailed exploration by the same joint Soviet-Egyptian team that explored Abu Dabbab. The previous work has included 23 diamond drill holes totalling 2,746m, four surface trenches and four bulk samples which were used for detailed metallurgical testwork undertaken in Moscow in the then Soviet Union.

Nuweibi Resources at 0.01% Ta_2O_5 cut-off:

Indicated	48Mt at 0.0147% Ta_2O_5 & 0.009% Nb_2O_5
Inferred	50Mt at 0.0138% Ta_2O_5 & 0.0095% Nb_2O_5
Total all categories	98Mt at 0.0143% Ta_2O_5 & 0.0095% Nb_2O_5

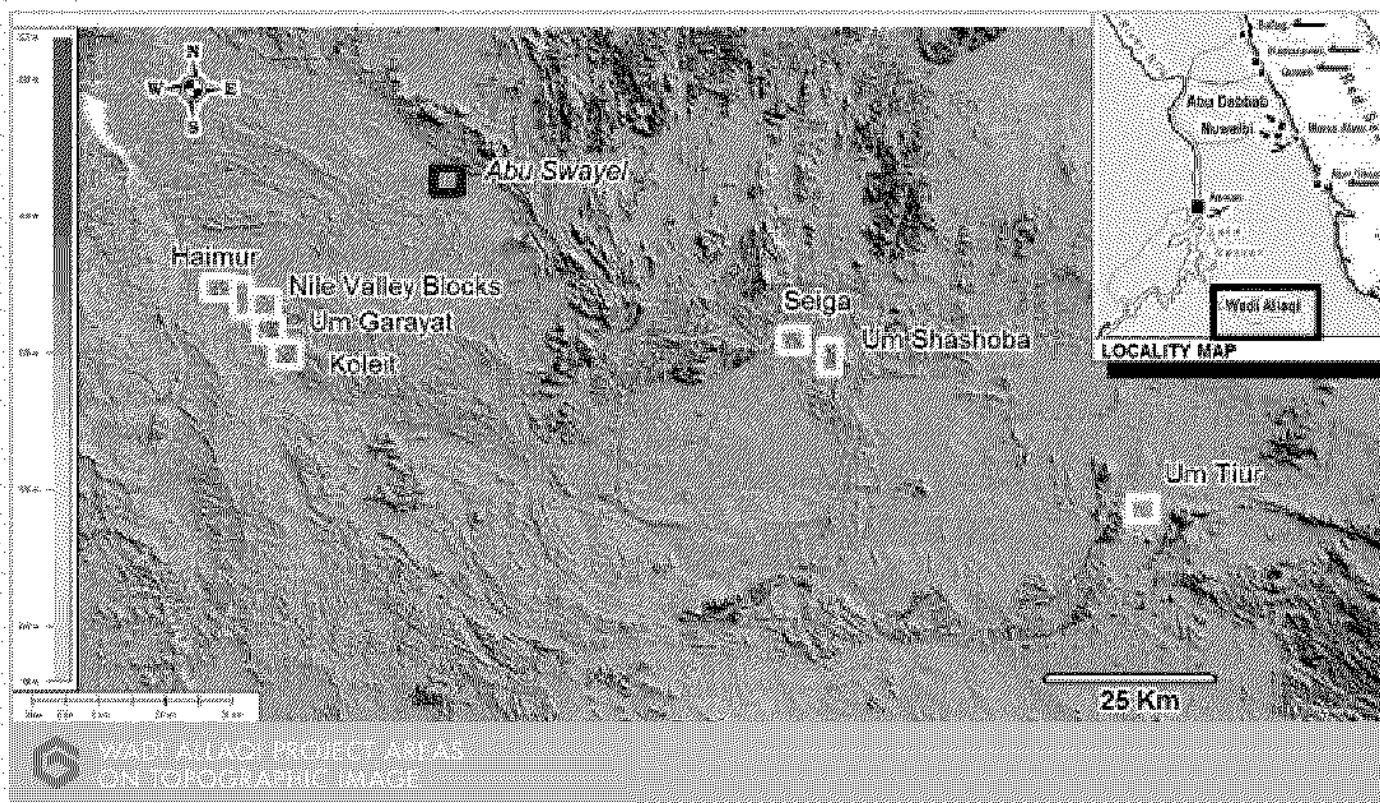
There is the potential for a significant increase in Nuweibi resources to the east as most of the eastern diamond drill holes bottomed in mineralisation.

The Nuweibi deposit presents the opportunity for the Abu Dabbab process plant to be utilised for several decades beyond the estimated 20-year Abu Dabbab mine life.

WADI ALLAQI

During June 2004, the Egyptian Government granted Gippsland the rights to explore eight areas for gold and one area for copper-nickel in the Wadi Allaqi district of south-eastern Egypt.

During the year all of the historical and previous exploration data was compiled into a GIS database and base plans prepared.



Located 160km southeast from Aswan, the Wadi Allaqi is considered to have been a significant source of the gold produced within Egypt during the Pharaonic and Roman periods. The mines at Wadi Allaqi were historically small tonnage, high-grade lodes easily exploited by the ancient miners using primitive techniques. Field work by Gippsland has identified some prospects for large tonnage, lower-grade mineralisation which were ignored by the ancient miners. These prospects are at Seiga, Um Shashoba, Haimur, Nile Valley Blocks A & E, Um Garayat, Koleit and Um Tiur where extensive zones of argillic alteration within major shear zones are associated with the old workings.

Recent rock chip sampling at the Seiga prospect returned 20.3m at 7.40g/t Au including 4.3m at 14.31g/t Au and 4m at 10.52g/t Au within a 50.5m wide zone of mineralisation. At the nearby Um Shashoba prospect sampling of wall rocks adjacent to ancient workings gave a best result of 11.9m at 2.22g/t Au including 2m at 4.19g/t Au. Rock chip sampling at Haimur returned 2m at 71.37g/t Au plus 2m at 11.31g/t Au from underground workings.

Site inspections revealed that alluvial and colluvial gold workings were much more extensive than previously known. A number of previously unknown bedrock workings were also located during reconnaissance mapping.

Structural geological mapping was completed around the Haimur, Um Garayat, Block A, Block E and Seiga projects. The work identified the structural setting of the deposits and also the geometry of the mineralisation providing a number of high priority drill targets.

Higher resolution satellite imagery (15m) and digital elevation model data were acquired for the whole of the Wadi Allaqi region to assist in the regional assessment. Very high resolution (1m) IKONOS imagery was acquired for the Um Tiur project where there is very little detailed geological mapping available.

WADI ALLAQI (CONT)

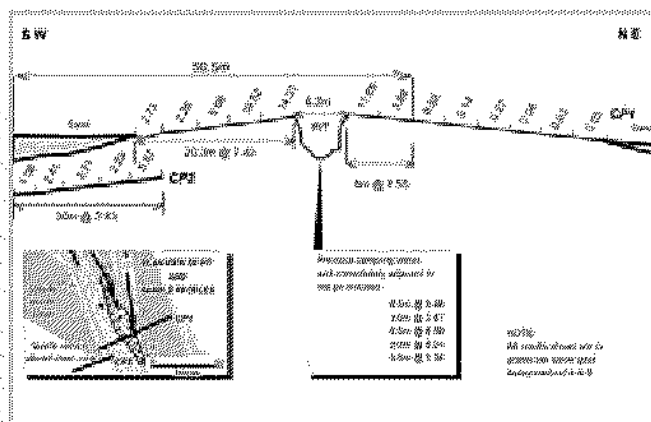
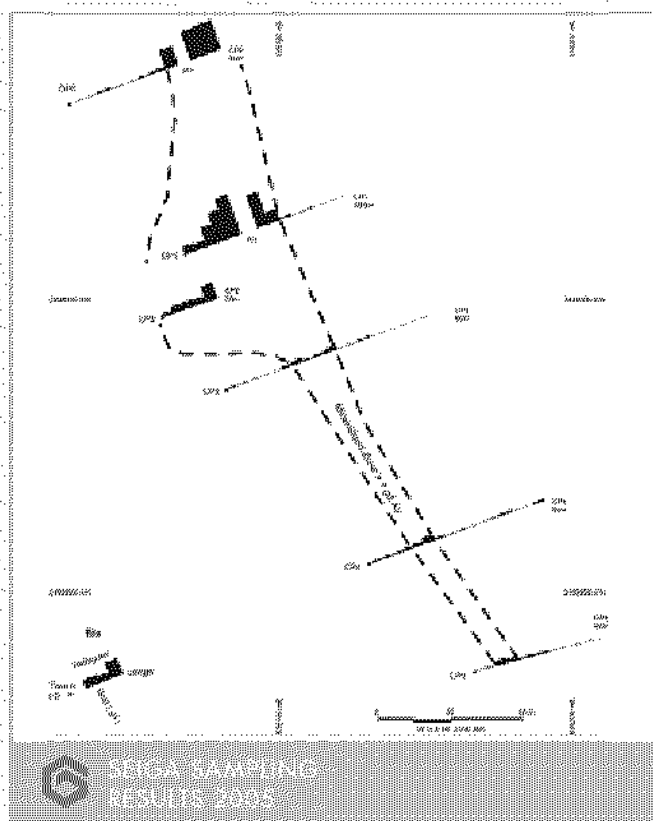
SEIGA - 50% GIPPSLAND

The prospect has been the site of mining activity dating back to the ancient times, but this activity was restricted to high grade lodes and did not proceed to any great depth. Apart from some exploratory shaft sinking by a syndicate in the early 1900s, there has been no recent exploration of any consequence.

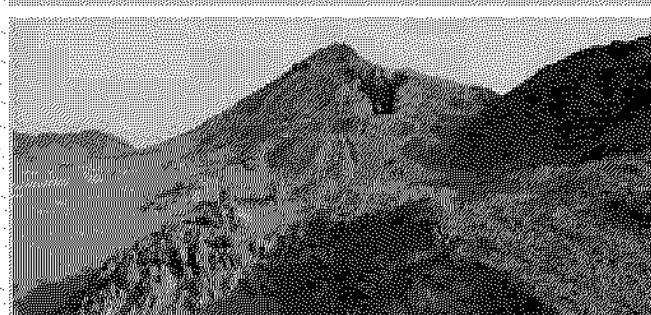
Recent sampling indicates that gold mineralisation extends beyond the narrow quartz veins into the wall rocks and that there is the potential for an open cut deposit. A series of 13 rock chip samples were collected over a 60m interval across the mineralized zone. The sampling returned 20.3m at an average of 7.40g/t Au with a further 8m at 7.77g/t Au on the eastern side of the pit. The material removed by the ancient miners was probably of a higher grade, but assuming that it was 7g/t Au then the mineralisation has a minimum width of 34.5m at around 7g/t Au. Follow-up sampling extended the mineralised zone a further 20m to the west at a grade of 2.83g/t Au giving a total width to the mineralisation of 50.5m.

Rock chip sampling along a profile 80m to the north (CP6) returned 15.5m at 9.25g/t. The profile included 4.5m at 6.69g/t on the western side of some old 4.5m wide workings plus 11m at 10.29g/t on the eastern side where the sampling profile ended.

Three profiles consisting of rock chip sampling and shallow trenching were completed to the south of CP1. The results although lower than those in profiles CP1, CP2 and CP6 are most encouraging and include 16m at 0.97g/t in CP3, 8m at 1.58g/t in CP4 and 8m at 1.55g/t in CP5. A profile located 500m to the north returned a best value of 5m at 0.12g/t. The sampling programme determined that the gold mineralisation extends over a length of 250m and is open to the north and south and in part to the east and west. The host structure to the mineralisation has been identified by geological mapping over a strike length of 1.75km and is open at either end.



SEIGA PROSPECT - ROCK CHIP SAMPLING RESULTS 2005



ANCIENT WORKINGS ALONG THE LINE OF LODGE AT SEIGA

UM SHASHOBA - 50% GIPPSLAND

Um Shashoba was a centre of mining during ancient times as evidenced by small but numerous piles of tailings. Ancient workings are located along two northerly trending veins. The veins are 380m apart and occupy the edges of a large shear zone. Previous geochemical sampling has returned gold values of up to 0.63g/t in sheared sediments in an area away from the historical workings.

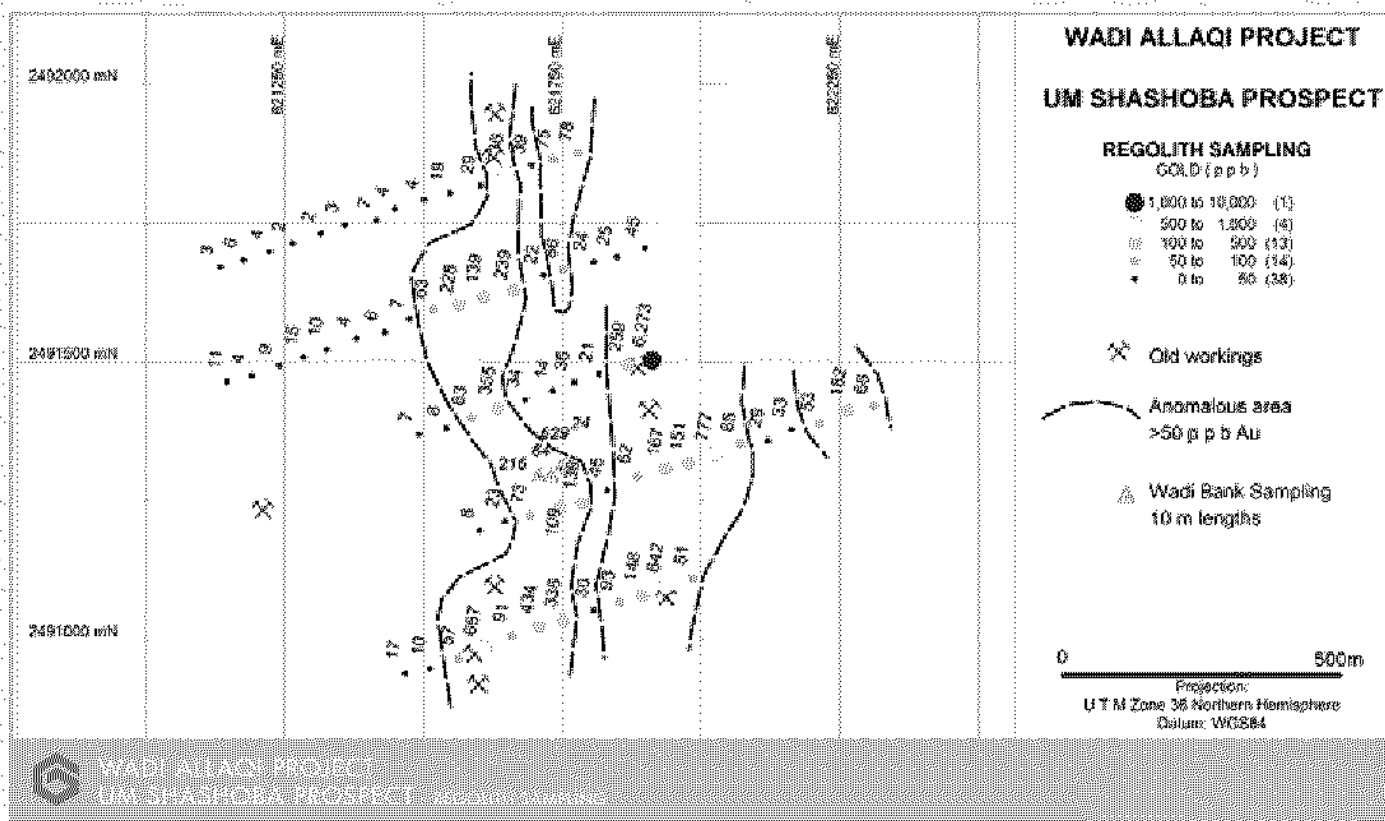
A single profile of channel sampling was conducted across part of ancient workings in the eastern part of the prospect. The work produced reasonable results with an average of 11.9m at 2.22g/t Au. The profile did not sample 1.6m across the ancient workings.

Um Shashoba prospect channel sample results.

Sample interval in metres	Au (ppb)	Au (g/t)
0 to 2	1,965	1.83
2 to 4	984	0.88
4 to 5.6	No sample taken from ancient stope	
5.6 to 7.6	3,153	2.94
7.6 to 9.6	4,610	4.19
9.6 to 11.9	1,381	1.24

Seventy regolith samples were collected over an area between the two lines of historical workings. They were collected at 50m spacing along lines 200m apart. The best result was 6.27g/t Au at the end of one of the sample lines adjacent to the eastern ancient workings.

Eight samples returned assays greater than 0.1g/t Au. The sampling identified an anomalous gold zone coincident with a shear that is associated with a north-south line of ancient workings.



WADI ALLAQI (CONT)

HAIMUR - 50% GIPPSLAND

At Haimur ancient workings are located along a number of sub parallel lodes of mineralisation. Ancient miners exploited the high grade mineralisation from multiple quartz veins associated with a northeast trending shear and stoped down to depths of around 30m. In the early 1900s the Nile Valley Company constructed five adits beneath the ancient surface workings and produced a small amount of very rich ore by driving along two of the lodes.

Away from the ancient workings recent geological mapping has identified a large shear zone trending parallel to the historical workings some 50-250m to the northwest. Three occurrences of placer gold workings have been located along this shear.

Twenty 10m channel samples from the banks of the wadis were collected in a series of offset traverses across the shear zone. The samples contained anomalous gold values with a maximum value of 169ppb.

A program of regolith sampling on a 200m x 50m grid over a strike length of 1,400m was completed over the largely alluvial covered area and delineated two northeast trending gold anomalies corresponding with a large shear and the anomalous wadi bank samples.

Within this area some 100m x 50m sampling was completed in the vicinity of the Haimur South workings.

A mechanical excavator was used to dig thirteen trenches at Haimur to test regolith anomalies. The trenching results confirmed the presence of anomalous gold values within the bedrock. The best intersection was 5m at 44.45g/t in trench HT9.

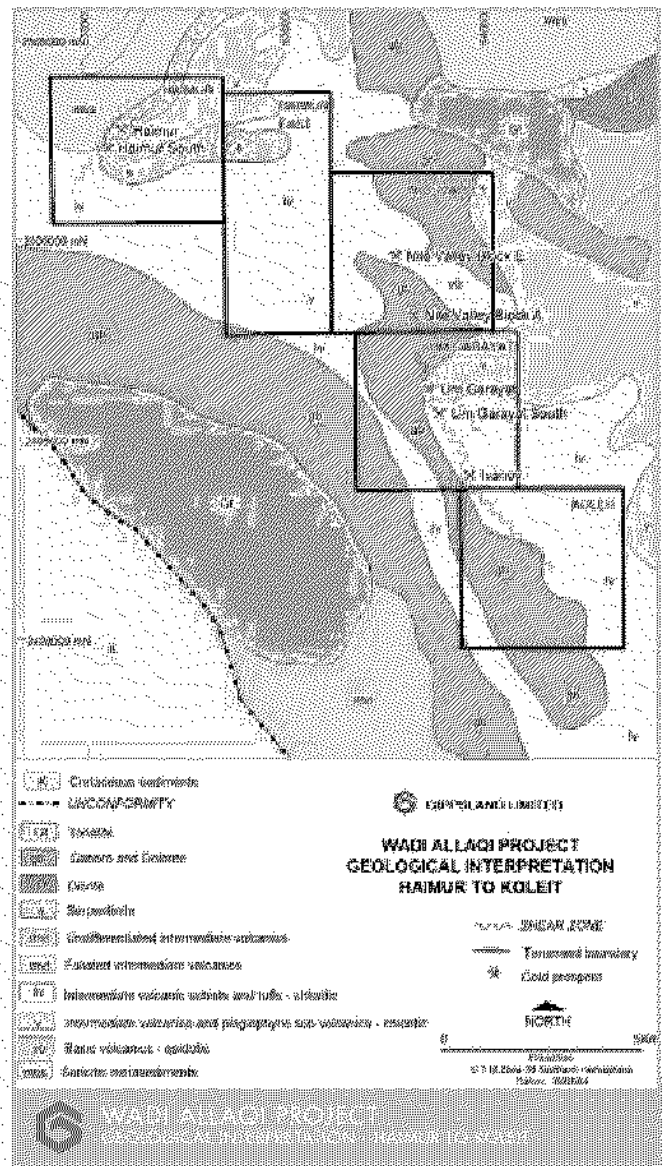
The results are considered to be very encouraging as they confirm the presence of anomalous gold in the bedrock closely associated with zones of shearing.



TRENCHING OF ALLUVIAL COVERED AREAS AT HAIMUR



TRENCHING OF GEOCHEMICAL ANOMALIES AT HAIMUR



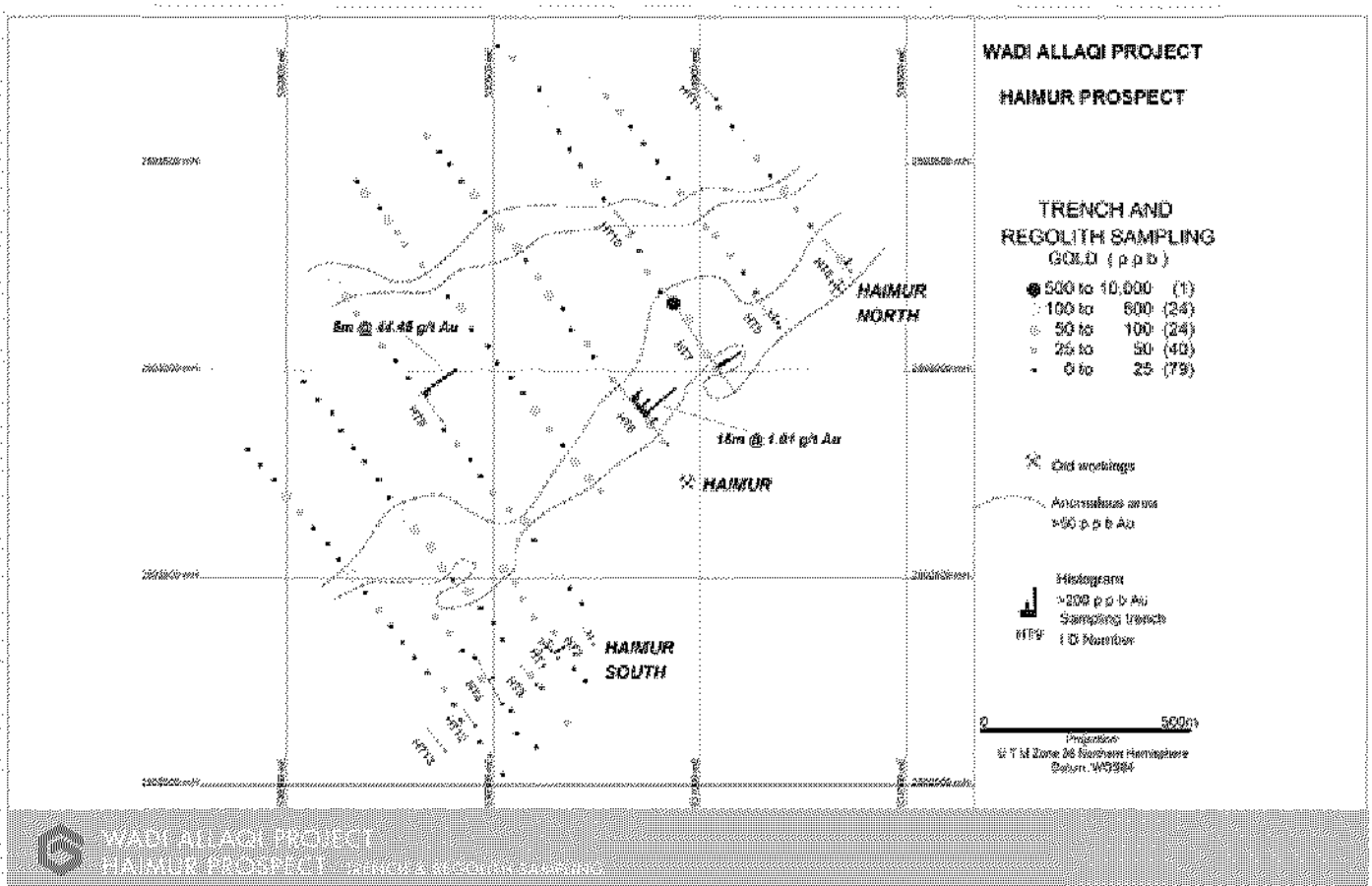
NILE VALLEY BLOCKS A AND E - 50% GIPPSLAND

Discontinuous rock chip sampling was completed along the walls of two of the five adits constructed during the early 1900s and which intersected the lodes that had been mined during the ancient times. The sampling confirmed the presence of high-grade gold values associated with the lodes but failed to confirm the presence of any significant zones of low-grade material capable of being bulk mined. Further exploration will focus on identification of high-grade gold shoots along strike from the historical workings.

Geological mapping was completed at both prospects with targets selected for trenching and drilling. A single trench excavated at Block A returned 7m at 0.76g/t at the eastern end of the trench.

Haimur sampling - best results

Sample	Interval	Au (g/t)
Adit 1	12m to 14m	71.37
Adit 1	44m to 46m	2.04
Adit 1	48m to 50m	11.31
Adit 2	4m to 6m	1.11
Trench HT9	5m	44.45



WADI ALLAQI (CONT)

UM GARAYAT - 50% GIPPSLAND

At Um Garayat 29 old trenches were cleaned out, mapped and sampled. The trenches had been dug at intervals to test the veins and structures along strike to the south of the main workings. The sampling tests the mineralised structure over a strike length of 1,500m. Overall the results were relatively low with the best being 3m at 0.436g/t Au. A 55m long trench tested the northern extension of the historical workings under the wadi sediments with a best result of 5m at 0.26g/t within sheared bedrock.

A number of previously unknown workings were located to the north of the Um Garayat mine by following lines of ancient placer workings upstream. The workings exploited narrow zones of quartz veins up to 1m wide. It is expected that further prospecting will identify many more small workings.

Regional exploration around the Um Garayat mine identified three areas of old bedrock workings, one of which was unrecorded. Numerous placer deposits were located and recorded.

KOLEIT - 50% GIPPSLAND

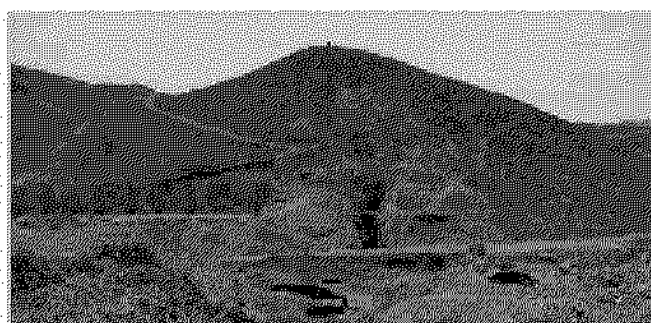
Work completed at the Koleit prospect included geological mapping to follow the regional shear structure that passes through the Um Garayat and Ivanov gold workings to the south.

UM TIUR - 50% GIPPSLAND

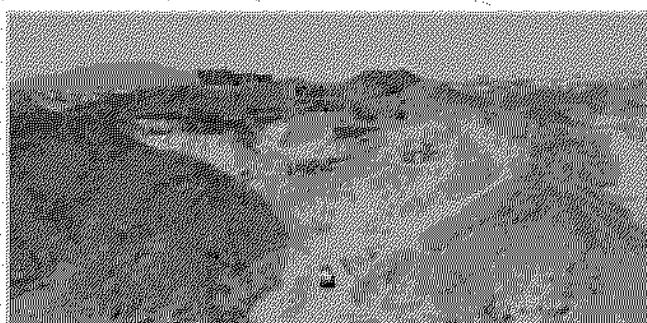
The Um Tiur mine was known to the ancients as there are numerous remnants of stone buildings and grinding stones. The old workings show a considerable quantity of ore was extracted by the ancients, particularly in the central area where gold was mined in shallow stopes via several vertical shafts. The area also shows several heaps of dumps, small tailing heap and several ruins.

In the early part of the 20th century the mine was worked by the African Reefs Gold Mine.

The grade of the mine while still being worked in 1925 was reported to have been 15dwts (25.5g/t) Au and recent sampling has returned a best assay of 2m at 20g/t Au in an old prospecting pit. Sampling of the waste dumps in 1997 returned gold grades of 3.2 to 7.0g/t with an average grade of 4.4g/t



ANCIENT GOLD WORKINGS
AT UM GARAYAT



EARLY 20TH CENTURY MINE
BUILDINGS AT UM TIUR



TRENCHING ACROSS THE NORTHERN
EXTENSION OF THE UM GARAYAT DEPOSIT

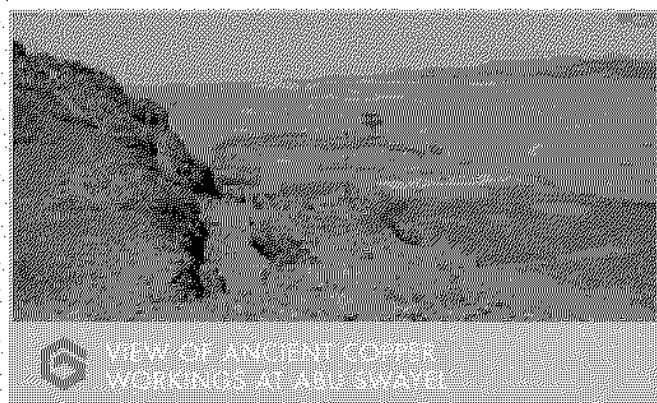
ABU SWAYEL (Cu-Ni) – 50% GIPPSLAND

The ancient Egyptians mined copper from shallow open cut workings which can be traced over a length of 180m. In the early part of the 1900s the Nile Valley Company sank a shallow shaft with a cross-cut at the 22m level to test the vertical continuity of the mineralisation. In the 1960s the shaft was deepened to 69m and ten diamond drill holes were completed to test the down dip continuity of the mineralisation over a strike length of 200m. Of the 1,205m of drilling completed, only 21 samples ranging from 1-2m in length were assayed.

During the year the Company's geologists completed a review of all previous exploration data for the project which included ten diamond drill holes and a shaft with a single cross-cut all of which was compiled into a 3D database.

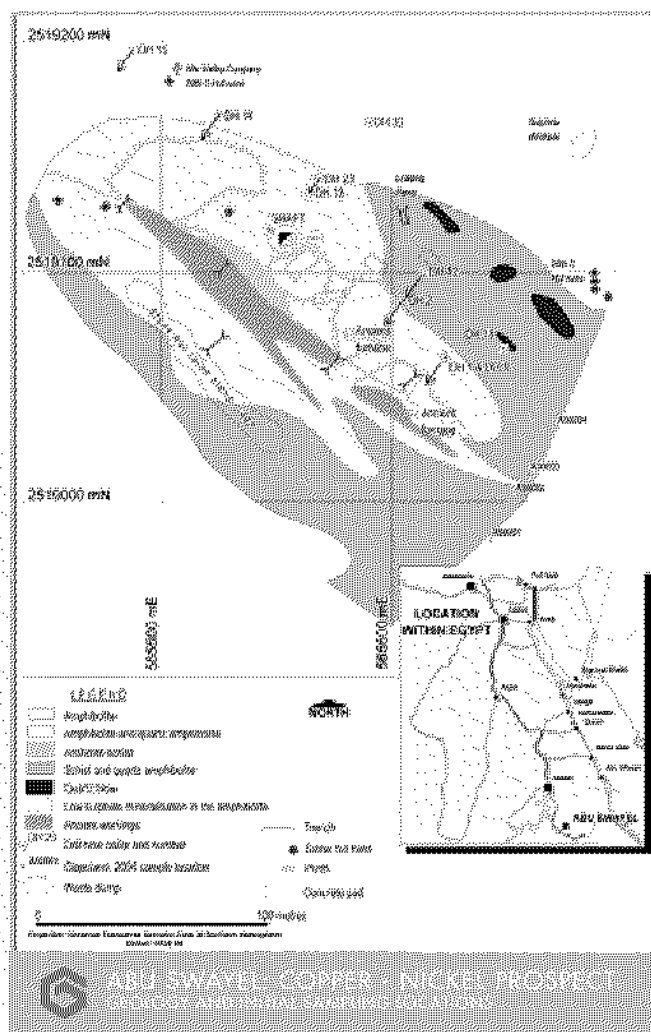
The Abu Swayel licence covers 16km² of favourable stratigraphy along strike from the old workings which have not been tested for Cu-Ni mineralisation. Much of the area is covered by wadi sediments which can be readily explored by means of ground geophysical methods.

The deposit is open at depth and until a suitable drill rig is available, exploration will be directed in areas away from the historical workings where it is proposed to complete systematic bedrock sampling, some limited IP surveys and drilling.



Orientation geochemical sampling has indicated that highly anomalous Cu, Ni, Au, Pd & Pt are all associated with and peripheral to the mineralisation.

Three samples of outcropping oxide mineralisation and a single sample of weathered sulphide material from an onsite stockpile were sampled to determine copper, nickel, gold and platinum content. All four samples contained anomalous precious metals. The copper and nickel values were consistent with the results of previous drilling during the 1960s



Results of Abu Swayel mineralisation

Sample	Cu (%)	Ni (%)	Au (g/t)	Pd (ppb)	Pt (ppb)
SW1 (oxide)	3.18	1.15	0.411	427	84
SW2 (oxide)	3.34	0.39	0.317	558	120
SW3 (oxide)	0.99	0.95	0.207	635	81
SW4 (sulphide)	2.89	1.91	0.180	445	142

ZEEHAN – TASMANIA (40% GIPPSLAND)

The Zeehan tin (Sn) deposit is located in Australia within a major tin province in the northwest of Tasmania approximately 15km from the large Renison tin deposit.

Gippsland has a joint venture at Zeehan with the insolvent public company Western Metals Limited which has had a Receiver and Manager appointed to administer its assets and affairs. Under the terms of this agreement Gippsland has a 40% interest in the project and is free carried to the end of feasibility. Western Metals may earn up to 70% equity in the project by completing a feasibility study acceptable to a project finance bank.

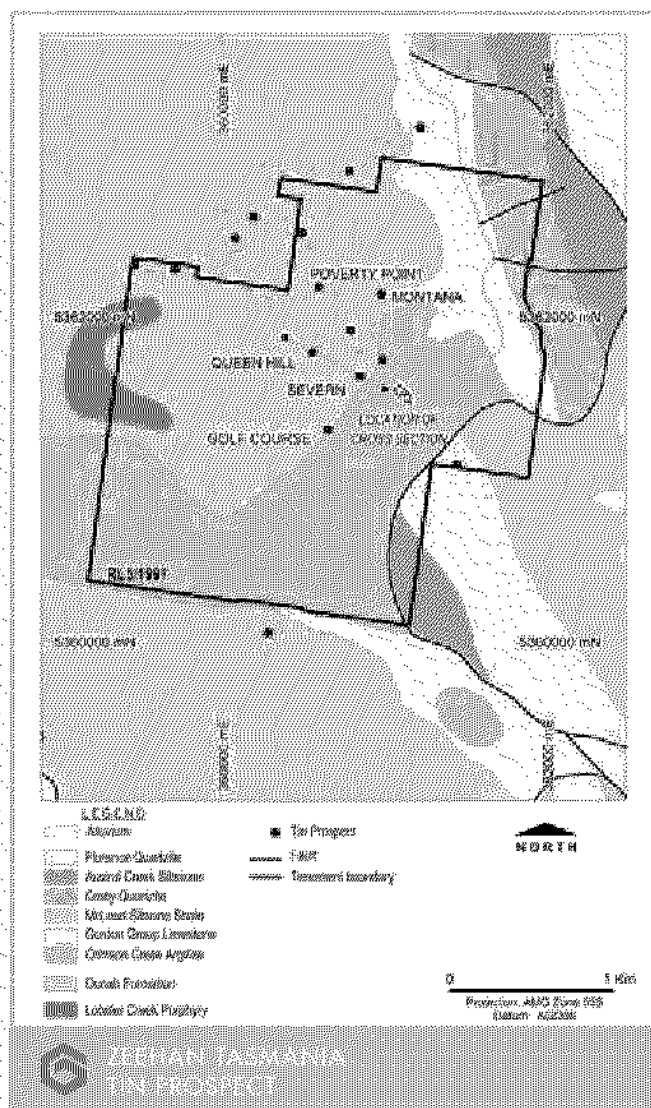
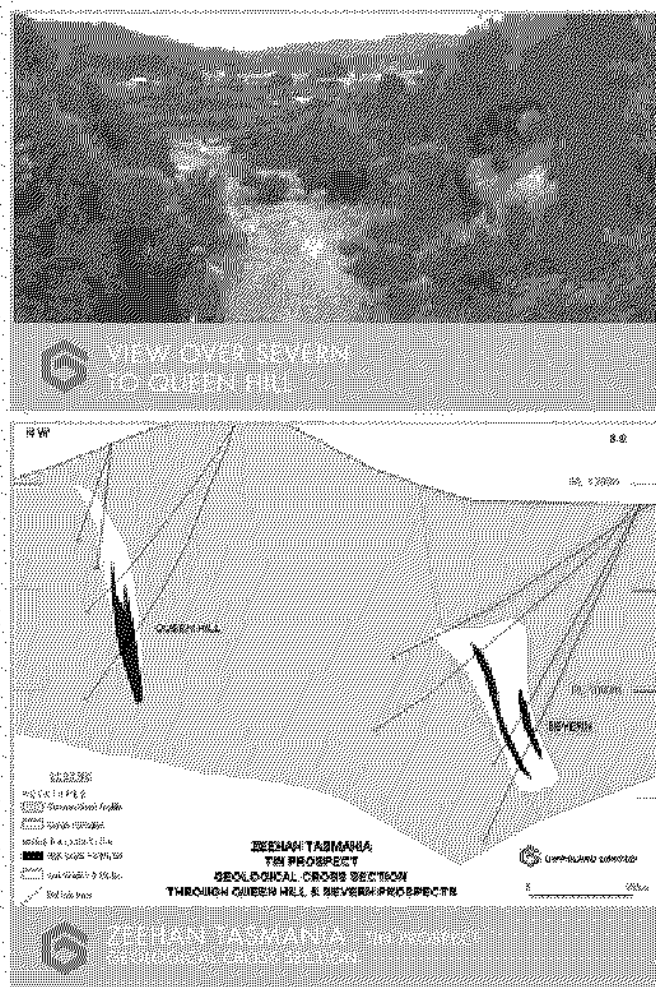
Tin mineralization occurs as cassiterite and stannite in four deposits; Queen Hill, Severn, Montana and Golf Course.

Past drilling totalling 23,000m has established the presence of a substantial tin resource. The Severn deposit, the largest of the four, is located approximately 120m below the surface and is considered to be open at depth.

To a depth of 500m below surface, the inferred resources include 5.1Mt at 0.6% Sn within the 0.1% mineralised envelope. At Queen Hill the mineralization outcrops on a hill approximately 300m due west of the Severn deposit and contains indicated resources of 1.8Mt at 0.82% Sn. The mineralisation includes minor amounts of copper, lead, zinc and silver.

The Zeehan deposit is held in the form of a Retention Licence number 5/1997 which is in good standing with the Department of Infrastructure, Energy and Resources - Mineral Resources of Tasmanian.

The Company is currently considering various commercial and technical options regarding the project.



CORPORATE GOVERNANCE STATEMENT

The Board of Gippsland Limited is responsible for its corporate governance, that is, the system by which the Company and its controlled entities ("the Group") are managed.

1. BOARD OF DIRECTORS

1.1 ROLE OF THE BOARD AND MANAGEMENT

The Board represents shareholders' interests in continuing a successful business, which seeks to optimise medium to long-term financial gains for shareholders. By focusing on long-term gains for shareholders, the Board believes that this will ultimately result in the interests of all stakeholders being appropriately addressed when making business decisions.

The Board is responsible for ensuring that the Group is managed in such a way to best achieve this desired result. Given the current size and operations of the business, the Board currently undertakes an active, not passive role.

The Board is responsible for evaluating and setting the strategic directions for the Group, establishing goals for management and monitoring the achievement of these goals. The Executive Chairman is responsible to the Board for the day-to-day management of the Group.

The Board has sole responsibility for the following:

- Appointing and removing the Executive Chairman and any other executives and approving their remuneration;
- Appointing and removing the Company Secretary / Chief Financial Officer and approving their remuneration;
- Determining the strategic direction of the Group and measuring performance of management against approved strategies;
- Review of the adequacy of resources for management to properly carry out approved strategies and business plans;
- Adopting operating and capital expenditure budgets at the commencement of each financial year and monitoring the progress by both financial and non-financial key performance indicators;
- Monitoring the Group's medium term capital and cash flow requirements;
- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- Determining that satisfactory arrangements are in place for auditing the Group's financial affairs;
- Review and ratify systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and
- Ensuring that policies and compliance systems consistent with the Group's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly on all matters.

The Board's role and the Group's corporate governance practices are being continually reviewed and improved as required.

1.2 COMPOSITION OF THE BOARD AND NEW APPOINTMENTS

The Company currently has the following Board members:

Robert John Telford	Executive Chairman and Managing Director
John Morrison Chisholm	Executive Director
John Stuart Ferguson Dunlop	Non-Executive Director
John Damian Kenny	Non-Executive Director

The Company's Constitution provides that the number of directors shall not be less than three and not more than ten. There is no requirement for any shareholding qualification.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the appointment and further expense of an independent Non-Executive Chairman and additional independent Non-Executive Directors. The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues.

If the Company's activities increase in size, nature and scope the size of the Board will be reviewed periodically as well as the optimum number of directors required for the Board to properly perform its responsibilities and functions.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board's duties and physical ability to undertake Board's duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next Annual General Meeting. Under the Company's Constitution the tenure of Directors (other than the Managing Director) is subject to reappointment by shareholders not later than the third anniversary following his last appointment. Subject to the requirements of the Corporations Act 2001, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director. A Managing Director may be appointed for any period and on any terms the Directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

CORPORATE GOVERNANCE STATEMENT (CONT)

1.3 COMMITTEES OF THE BOARD

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

The Board has also established a framework for the management of the Group including a system of internal controls, a business risk management process and the establishment of appropriate ethical standards.

The full Board currently holds meetings at such times as may be necessary to address any general or specific matters as required.

In the absence of an audit committee, the Board when required sets aside time at Board meetings to deal with the issues and responsibilities usually delegated to the audit committee so as to ensure the integrity of the financial statements of the Company and the independence of the external auditor.

The Board in its entirety reviews the audited annual and half-yearly financial statements and any reports which accompany published financial statements.

The Board in its entirety considers the appointment of the external auditor and reviews the appointment of the external auditor, their independence, the audit fee and any questions of resignation or dismissal.

If the Group's activities increase in size, scope and nature, the appointment of separate or special committee's will be reviewed by the Board and implemented if appropriate.

1.4 CONFLICTS OF INTEREST

In accordance with the Corporations Act 2001 and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

1.5 INDEPENDENT PROFESSIONAL ADVICE

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

2. ETHICAL STANDARDS

The Board acknowledges the need for continued maintenance of the highest standard of corporate governance practice and ethical conduct by all Directors and employees of the Group.

2.1 CODE OF CONDUCT FOR DIRECTORS

The Board has adopted a Code of Conduct for Directors to promote ethical and responsible decision-making by the Directors. The code is based on a code of conduct for Directors prepared by the Australian Institute of Company Directors.

The principles of the code are:

- A Director must act honestly, in good faith and in the best interests of the Company as a whole.
- A Director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- A Director must use the powers of office for a proper purpose, in the best interests of the Company as a whole.
- A Director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interest of all stakeholders of the Company.
- A Director must not make improper use of information acquired as a Director.
- A Director must not take improper advantage of the position of Director.
- A Director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company.
- A Director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken as a Board.
- Confidential information received by a Director in the course of the exercise of directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.
- A Director should not engage in conduct likely to bring discredit upon the Company.
- A Director has an obligation at all times, to comply with the spirit, as well as the letter of the law and with the principles of the Code.

The principles are supported by guidelines as set out by the Australian Institute of Company Directors for their interpretation. Directors are also obliged to comply with the Company's Code of Ethics and Conduct, as outlined below.

2.2 CODE OF ETHICS AND CONDUCT

The Company has implemented a Code of Ethics and Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Company. A summary of the Company's Code of Ethics and Conduct is also available on the Company's website.

All employees and Directors are expected to:

- respect the law and act in accordance with it;
- respect confidentiality and not misuse Company information, assets or facilities;
- value and maintain professionalism;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity decency and responsibility at all times.

An employee that breaches the Code of Ethics and Conduct may face disciplinary action. If an employee suspects that a breach of the Code of Ethics and Conduct has occurred or will occur, he or she must that breach to management. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

2.3 DEALINGS IN COMPANY SECURITIES

The Company's Securities Trading Policy imposes basic trading restrictions on all employees of the Company with 'inside information', and additional trading restrictions on the Directors of the Company.

'Inside information' is information that:

- is not generally available; and
- if it were generally available, it would, or would be likely to influence investors in deciding whether to buy or sell the Company's securities.

If an employee possesses inside information, the person must not:

- trade in the Company's securities;
- advise others or procure others to trade in the Company's securities; or
- pass on the inside information to others – including colleagues, family or friends – knowing (or where the employee or Director should have reasonably known) that the other persons will use that information to trade in, or procure someone else to trade in, the Company's securities.

This prohibition applies regardless of how the employee or Director learns the information (eg. even if the employee or Director overhears it or is told in a social setting).

In addition to the above, Directors must notify the Company Secretary as soon as practicable, but not later than 5 business days, after they have bought or sold the Company's securities or exercised options. In accordance with the provisions of the Corporations Act 2001 and the Listing Rules of the ASX, the Company on behalf of the Directors must advise the ASX of any transactions conducted by them in the securities of the Company.

A summary of the Company's Securities Trading Policy is available on the Company's website.

Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

2.4 INTERESTS OF OTHER STAKEHOLDERS

The Company's objective is to continue to develop and ultimately aim to commence production from the Abu Dabbab Project in Egypt. As the Company embarks upon the development and production phases it will aim to ensure the highest standard of environmental care is achieved in all its operations.

To assist in meeting its objective, the Company conducts its business within the Code of Ethics and Conduct, as outlined in 2.2 above.

CORPORATE GOVERNANCE STATEMENT (CONT)

3. DISCLOSURE OF INFORMATION

3.1 CONTINUOUS DISCLOSURE TO ASX

The continuous disclosure policy requires all executives and Directors to inform the Executive Chairman or in his absence the Company Secretary of any potentially material information as soon as practicable after they become aware of that information. The Company's Continuous Disclosure Policy is available on its website.

Information is material if it is likely that the information would influence investors who commonly acquire securities on ASX in deciding whether to buy, sell or hold the Company's securities.

Information is not material and need not be disclosed if:

- a) A reasonable person would not expect the information to be disclosed or is material but due to a specific valid commercial reason is not to be disclosed; and
- b) The information is confidential; or
- c) One of the following applies:
 - i. It would breach a law or regulation to disclose the information;
 - ii. The information concerns an incomplete proposal or negotiation;
 - iii. The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - iv. The information is generated for internal management purposes;
 - v. The information is a trade secret;
 - vi. It would breach a material term of an agreement, to which the Company is a party, to disclose the information;
 - vii. It would harm the Company's potential application or possible patent application; or
 - viii. The information is scientific data that release of which may benefit the Company's potential competitors.

The Executive Chairman is responsible for interpreting and monitoring the Company's disclosure policy and where necessary informing the Board. The Executive Chairman or the Company Secretary is responsible for all communications with ASX.

3.2 COMMUNICATION WITH SHAREHOLDERS

The Company places considerable importance on effective communications with shareholders. The Company's Shareholder Communications Strategy is available on the Company's website.

The Group's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Group. The strategy provides for the use of systems that ensure a regular and timely release of information about the Group is provided to shareholders. Mechanisms employed include:

- Announcements lodged with ASX;
- ASX Quarterly Cash Flow Reports;
- Half Yearly Report;
- Presentations at the Annual General Meeting/General Meeting's; and
- Annual Report.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the Group's strategy and goals.

The Company also posts all reports, ASX and media releases and copies of significant business presentations on the Company's website at www.gippslandltd.com

4. RISK MANAGEMENT

4.1 IDENTIFICATION OF RISK

The Board is responsible for the oversight of the Group's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Group with the Executive Chairman and Chief Financial Officer having ultimate responsibility to the Board for the risk management and control framework.

Arrangements put in place by the Board to monitor risk management include monthly reporting to the Board in respect of operations and the financial position of the Group.

4.2 INTEGRITY OF FINANCIAL REPORTING

Commencing 30 June 2004, the Company's Executive Chairman and Chief Financial Officer (or equivalent) report in writing to the Board that:

- the consolidated financial statements of the Company and its controlled entities for each half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards;
- the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

4.3 ROLE OF AUDITOR

The Company's practice is to invite the auditor to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

5. PERFORMANCE REVIEW

The Board has adopted a self-evaluation process to measure its own performance during each financial year. Also, an annual review is undertaken in relation to the composition and skills mix of the Directors of the Company.

Arrangements put in place by the Board to monitor the performance of the Group's executives include:

- a review by the Board of the Group's financial performance; and
- annual performance appraisal meetings incorporating analysis of key performance indicators with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the Company.

6. REMUNERATION ARRANGEMENTS

The broad remuneration policy is to ensure that remuneration properly reflects the relevant persons duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide Executive Directors and executives with a remuneration package consisting of fixed components that reflect the person's responsibilities, duties and personal performance.

The remuneration of Non-Executive Directors is determined by the Board as a whole having regard to the level of fees paid to Non-Executive Directors by other companies of similar size in the industry.

The aggregate amount payable to the Company's Non-Executive Directors must not exceed the maximum annual amount approved by the Company's shareholders.

CORPORATE GOVERNANCE STATEMENT (CONT)

ASX CORPORATE GOVERNANCE COUNCIL'S PRINCIPLES OF GOOD CORPORATE GOVERNANCE AND BEST PRACTICE RECOMMENDATIONS

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve, the Company has turned to the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations. As consistency with the ASX guidelines has been a gradual process, where the Company did not have certain policies or committees recommended by the ASX Corporate Governance Council ("the Council") in place for the entire reporting period, the Company has identified when such policies or committees were introduced.

Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company does not consider that the practices are appropriate for the Company due to the size of the Company and its current operations.

To illustrate where the Company has addressed each of the Council's recommendations, the following summary cross-references each recommendation with sections of the Corporate Governance Statement. Details of all of the recommendations can be found on the ASX Corporate Governance Council's website at <http://www.asx.com.au/supervision/governance/index.htm>

INTRODUCTION

Gippsland Limited has adopted systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised below.

The following additional information about the Company's corporate governance practices is set out on the Company's website at www.gippslandltd.com:

- Corporate Governance Statement including disclosures and explanations;
- Summary of Code of Conduct for Directors and Key Executives;
- Summary of Securities Trading Policy;
- Summary of Continuous Disclosure Policy;
- Summary of Shareholder Communications Strategy; and
- Summary of Company Code of Ethics and Conduct.

EXPLANATIONS FOR DEPARTURES FROM BEST PRACTICE RECOMMENDATIONS

During the financial year the Company has complied with the majority of the Ten Essential Corporate Governance Principles and the corresponding Best Practice Recommendations as published by the ASX Corporate Governance Council ("ASX Principles and Recommendations"), and as detailed below:

1. ROLE OF THE BOARD AND MANAGEMENT

Council Principle 1:

Lay solid foundations for management and oversight

Council Recommendation 1.1:

Formalise and disclose the functions reserved to the Board and those delegated to management.

The Company complies with this recommendation. Refer Section 1.1 of the Corporate Governance Statement.

2. COMPOSITION OF THE BOARD

Council Principle 2:

Structure the Board to add value

Council Recommendation 2.1:

A majority of the Board should be independent directors.

The Board considers that a majority of its Board is independent and it does comply with Recommendation 2.1. Refer Section 1.2 of the Corporate Governance Statement.

While the Board strongly endorses the position that boards need to exercise independence of judgment, it also recognises (as does ASX Corporate Governance Council Principle 2) that the need for independence is to be balanced with the need for skills, commitment and a workable board size. The Board believes it has recruited members with the skills, experience and character to discharge its duties and that any greater emphasis on independence would be at the expense of the Board's effectiveness.

Messrs Kenny and Dunlop are Non-Executive Directors of the Company. Both Non-Executive Directors are considered independent within the ASX Corporate Governance Council's guidelines.

It is noted that Mr Dunlop is a principal of Dunlop John S & Associates Pty Ltd, mining engineering service providers for the Company. Mr Dunlop has been directly involved in the provision of the engineering services by John Dunlop and Associates Pty Ltd, however the undertaking of this role does not constitute Mr Dunlop or John Dunlop and Associates Pty Ltd as being material service providers to the Company. Where required Mr Dunlop does not participate in the discussions regarding the provision of mining engineering services and his knowledge of this specialised field is a skill that the Board considers necessary to have on the Board.

At present the Company believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues. Directors having a conflict of interest in relation to a particular item of business must absent themselves from the Board Meeting before commencement of discussion on the topic.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of appointing additional independent Non-Executive Directors.

Council Recommendation 2.2:

The chairperson should be an independent director.

The Company's Chairman, Mr Robert John Telford, is considered by the Board not to be independent in terms of the ASX Corporate Governance Council's definition of independent Director. However the Board believes that the Chairman is able and does bring quality and independent judgment to all relevant issues falling within the scope of the role of a Chairman.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to necessitate the appointment of an independent Non-Executive Chairman.

Refer Section 1.2 of the Corporate Governance Statement.

Council Recommendation 2.3:

The roles of chairperson and chief executive officer (Managing Director) should not be exercised by the same individual.

While the Board recognises the importance of independence in decision-making, it does not comply with Recommendation 2.2 as Mr Robert John Telford, the current Executive Chairman is not an independent Director. Although Mr Telford has a substantial interest via his substantial shareholding, the Board believes that his extensive industry experience and previous record as Chairman makes him the most appropriate person for the position. It is recognised by the Board that Mr Telford has been a major force in the Company's success. In addition the Board considers that as the Company enters its next growth stage Mr Telford's industrial experience and strong and effective leadership will be beneficial.

Refer Section 1.2 of the Corporate Governance Statement.

Council Recommendation 2.4:

The Board should establish a nomination committee.

The Board considers that the Company is not currently of a size to justify the formation of a nomination committee. The Board as a whole undertakes process of reviewing the skill base and experience of existing Directors to enable identification of attributes required in new Directors. Where appropriate independent consultants are engaged to identify possible new candidates for the Board.

The Board acknowledges this does not comply with Recommendation 2.4 of the ASX Corporate Governance Guidelines. If the Company's activities increase in size, scope and nature, the appointment of a nomination committee will be reviewed by the Board and implemented if appropriate.

Refer Section 1.3 of the Corporate Governance Statement.

CORPORATE GOVERNANCE STATEMENT (CONT)

3. ETHICAL AND RESPONSIBLE DECISION-MAKING

Council Principle 3:

Actively promote ethical and responsible decision-making.

Council Recommendation 3.1:

Establish a code of conduct to guide the Directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:

3.1.1 the practices necessary to maintain confidence in the Company's integrity;

3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Company complies with this recommendation and has a Code of Conduct to guide the Directors and key executives. Refer Section 2.1 of the Corporate Governance Statement.

Council Recommendation 3.2:

Disclose the policy concerning trading in Company securities by Directors, officers and employees.

The Company complies with this recommendation. Refer Section 2.3 of the Corporate Governance Statement.

4. INTEGRITY OF FINANCIAL REPORTING

Council Principle 4:

Safeguard integrity in financial reporting.

Council Recommendation 4.1:

Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

The Company complies with this requirement. Refer Section 4.2 of the Corporate Governance Statement.

Council Recommendation 4.2:

The Board should establish an audit committee.

The Board considers that the Company is not of a size, nor are its financial affairs of such complexity to justify the formation of an audit committee. The Board as a whole undertakes the selection and proper application of accounting policies, the identification and management of risk and the review of the operation of the internal control systems.

The Board acknowledges this does not comply with Recommendation 4.2. If the Company's activities increase in size, scope and nature, the appointment of an audit committee will be reviewed by the Board and implemented if appropriate. Refer Section 1.3 of the Corporate Governance Statement.

Council Recommendation 4.3:

Structure the audit committee so that it consists of:

- *only non-executive directors;*
- *a majority of independent directors;*
- *an independent chairperson, who is not chairperson of the board;*
- *at least three members.*

Refer Council Recommendation 4.2.

Council Recommendation 4.4

The audit committee should have a formal operating charter.

Refer Council Recommendation 4.2.

5. MAKE TIMELY AND BALANCED DISCLOSURE

Council Principle 5:

Promote timely and balanced disclosure of all material matters concerning the Company

Council Recommendation 5.1:

Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.

The Company complies with this recommendation. Refer Section 3.1 of the Corporate Governance Statement.

6. RESPECT THE RIGHTS OF SHAREHOLDERS

Council Principle 6:

Respect the rights of shareholders and facilitate the effective exercise of those rights

Council Recommendation 6.1:

Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.

The Company complies with this recommendation. Refer Section 3.2 of the Corporate Governance Statement.

Council Recommendation 6.2:

Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company complies with this recommendation. Refer Section 4.3 of the Corporate Governance Statement.

7. RECOGNISE AND MANAGE RISK

Council Principle 7:

Establish a sound system of risk oversight and management and internal control.

Council Recommendation 7.1:

The Board or appropriate board committee should establish policies on risk oversight and management.

The Company complies with this recommendation. Refer Section 4.1 of Corporate Governance Statement.

Council Recommendation 7.2

The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state in writing that:

7.2.1 the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board;

7.2.2 the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The Company complies with this recommendation. Refer Sections 4.1 and 4.2 of the Corporate Governance Statement.

8. ENCOURAGE ENHANCED PERFORMANCE

Council Principle 8:

Fairly review and actively encourage enhanced board and management effectiveness

Council Recommendation 8.1:

Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.

The Company complies with this recommendation. Refer Section 5 of the Corporate Governance Statement.

CORPORATE GOVERNANCE STATEMENT (CONT)

9. REMUNERATE FAIRLY AND RESPONSIBLY

Council Principle 9:

Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined

Council Recommendation 9.1:

Provide disclosure in relation to the Company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.

The Company complies with this recommendation. Refer Section 6 of the Corporate Governance Statement.

Council Recommendation 9.2

The Board should establish a remuneration committee.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of a remuneration committee. The Board as a whole is responsible for the remuneration arrangements for Directors and executives of the Company.

The Board acknowledges this does not comply with Recommendation 9.2. If the Company's activities increase in size, scope and nature, the appointment of a remuneration committee will be reviewed by the Board and implemented if appropriate.

Refer Section 1.3 of the Corporate Governance Statement.

Council Recommendation 9.3

Clearly distinguish the structure of non-executive directors' remuneration from that of executives.

The Company complies with this recommendation. Refer Section 6 of the Corporate Governance Statement.

Council Recommendation 9.4

Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.

The Company complies with this recommendation. The Company currently has no equity-based remuneration plan.

10. RECOGNISE THE LEGITIMATE INTERESTS OF STAKEHOLDERS

Council Principle 10:

Recognise legal and other obligations to all legitimate stakeholders.

Council Recommendation 10.1:

Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.

The Company complies with this recommendation. Refer Section 2.2 of the Corporate Governance Statement.

DIRECTORS' REPORT

The Directors present their report on the Gippsland Limited ("the Company" or "Parent Entity") and of the consolidated entity, being Gippsland Limited and its controlled entities, for the financial year ended 30 June 2005 and the auditor's report thereon.

DIRECTORS

The names and details of the Directors of Gippsland Limited during the financial year and until the date of this report are:

Robert John Telford

John Morrison Chisholm

John Stuart Ferguson Dunlop (appointed 1 July 2005)

John Damian Kenny

DIRECTORS QUALIFICATIONS AND EXPERIENCE

Robert John Telford (Executive Chairman)

AWAIT (Chem), M RACI

Mr Telford holds an Associate degree in Pure Chemistry (Organic and Inorganic) having graduated from the Institute of Technology of Western Australia (now Curtin University) in 1967.

Mr Telford has been a major shareholder in technology-based industries for some 30 years in the capacity of chief executive officer ("CEO"). He has been involved in the pharmaceutical industry having been a past chairman and major shareholder of the company Inovax Limited. Mr Telford has held the position of CEO in companies involved in inorganic and organic chemical manufacture for some 15 years. He has been involved in the international resource industry for some 15 years via private and public companies and in the main is responsible for securing the Company's interest in its Egyptian resource projects.

Mr Telford has an interest in 13,788,124 ordinary shares and 6,658,280 listed options to acquire ordinary shares exercisable at 9 cents each on or before 31 December 2007.

John Morrison Chisholm (Executive Director)

B Sc (Hons), PhD, F AusIMM, F AIG

Dr Chisholm is a consulting geologist with a wide experience in exploration geology and exploration management having worked as a lecturer at the University of Western Australia and Curtin University prior to working for various international mining companies. He was formerly an adjunct associate professor in economic geology at Curtin University.

In 1984 he joined Western United Mining Services Pty Ltd during which time as managing director he managed a large group of geoscientists and was involved in the discovery of the Transvaal and Bounty mines.

He is a Fellow of both the Australian Institute of Geoscientists and the Australasian Institute of Mining and Metallurgy with Chartered Practising status in Geology. Dr Chisholm was one of the first geologists in Australia to have been awarded Practising Chartered Status in geology by the Australasian Institute of Mining and Metallurgy which is the highest level of recognition that can be attained by professional geologists.

Dr Chisholm has an interest in 50,000 ordinary shares and 2,260,000 listed options to acquire ordinary shares exercisable at 9 cents each on or before 31 December 2007.

John Stuart Ferguson Dunlop (Non-Executive Director)

BE, M Eng Sc, P Cert Arb, CP, F AusIMM, F IMM, M SME, M CIMM, M MICA

John Stuart Ferguson Dunlop holds Bachelors and Masters Degrees in Mining Engineering from the University of Melbourne. He is a certified Mine Manager having approximately 35 years of international surface and underground mining experience in a variety of base metal, industrial and precious metal production and management situations.

He is a Director of the Australasian Institute of Mining and Metallurgy (AusIMM) and Chairman of its affiliate, the Mineral Industry Consultants Association (MICA).

Mr Dunlop is a highly experienced mining professional having been involved in the design, construction and on-going operation of a number of major resource projects throughout the world. He has a detailed knowledge of the Company's 40Mt Abu Dabbab tantalum project in Egypt having been involved in the preparation of the project's Bankable Feasibility Study.

He has operated his own mining consulting firm based in Perth since 1992 and was previously a senior executive with BHP's (now BHP Billiton) Minerals Division, before becoming General Manager Operations for Aztec Mining Co Ltd until this company's takeover by Normandy Mining Ltd. Mr Dunlop currently serves as Chairman of the Australian Listed explorer Alliance Resources Limited, a position he has held since 9 May 1994, and

DIRECTORS' REPORT (CONT)

since 27 December 1995 was a Non executive Director of Australian Gold Fields NL. He is also a non executive director of Encore Metals NL since 22 December 1999.

Mr Dunlop has no interest in any shares or options in the company.

John Damian Kenny (Non-Executive Director)

B Com (Hons), LLB

Mr Kenny is a lawyer having a specialised interest in venture capital, initial public offerings, property developments and agribusiness schemes. He has extensive experience in public equity fundraisings and the pricing of equity, debt and derivative securities. Mr Kenny has been involved in the listing on ASX of a number of mining, oil and gas and technology companies. Mr Kenny is currently the Chairman of ASX Listed Public Company Chester Mining Limited, a post he has held since 17 June 2003.

Mr Kenny has an interest in 2,250,000 listed options to acquire ordinary shares exercisable at 9 cents each on or before 31 December 2007.

COMPANY SECRETARY

Mr Robert S Middlemas B Com, CA, Grad Dip Acc was appointed to the position of company secretary on 22 March 2005. Mr Middlemas has been involved in the mining industry for the last 15 years, providing secretarial services to a number of ASX listed Companies.

PRINCIPAL ACTIVITIES

The principal activity of the consolidated entity during the financial year was the prospecting and exploration for commercially and economically viable mineral resources.

There were no significant changes in the nature of the consolidated entity's principal activity during the year.

OPERATING RESULTS

The consolidated loss after providing for income tax for the year ended 30 June 2005 amounted to \$1,995,208 (2004: \$1,411,990).

DIVIDENDS

No dividend was paid or declared during the year and the Directors do not recommend the payment of a dividend for the year ended 30 June 2005.

REVIEW OF OPERATIONS

A detailed review of the Company and consolidated entity's activities during the financial year is set out in the section titled "Review of Operations" in this Annual Report.

FINANCIAL POSITION

A full review of the financial position of the Company is contained in the Discussion and Analysis attached to the Statements of Financial Performance, Statements of Financial Position, and Statements of Cashflows.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year and to the date of this report, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, which may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years other than:

- (i) On 3 December 2004 the Company issued 20,000,000 ordinary shares at an issue price of 3 UK pence (approx 7 cents) each and 10,000,000 free attaching unlisted options exercisable at 4 UK Pence (approx 9.5 cents) each on or before 31 December 2007 raising a total of £600,000 (\$1,491,612) (before issue costs) for the purpose of furthering the bankable feasibility study for the Abu Dabbab Project;
- (ii) On 3 March 2005 the Company issued 500,000 ordinary shares at an issue price of 11 cents each under a revised employment contract; and
- (iii) On 27 March 2005 the Company issued 2,790,567 ordinary shares at an issue price of 2.8 UK pence (approx 7 cents) each following conversion of unlisted options raising a total of \$192,293.

AFTER BALANCE DATE EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

FUTURE DEVELOPMENTS

Information as to likely developments in the operations of the Company and the consolidated entity and the expected results of those operations in future financial years has not been included in this report because, in the opinion of the Directors, it would prejudice the interests of the Company and the consolidated entity.

ENVIRONMENTAL REGULATION

The consolidated entity's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board is committed to achieving a high standard of environmental performance, and regular monitoring of potential environmental exposures is undertaken by management. The Board considers that the consolidated entity has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the consolidated entity.

The consolidated entity is required to carry out its activities in accordance with the Mining Laws and regulations in the areas in which it undertakes its exploration activities.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

LEGAL PROCEEDINGS

One of Gippsland Limited's investee companies is Here2win.com Pty Ltd in which Gippsland Limited owns a 90% interest. Here2win.com Pty Ltd is the owner of various Internet horse racing gaming concepts. On 14 August 2000 Gippsland Limited announced to the Australian Stock Exchange Ltd that the services of the Chief Executive Officer of Here2win.com Pty Ltd, Mr Alex Aguero, had been terminated. Mr Aguero, through Highforce Investments Pty Ltd, continues to hold a 10% equity stake in Here2win.com Pty Ltd. Mr Aguero has commenced litigation against Gippsland Limited seeking payment of what he alleges is unpaid compensation for his services rendered while CEO. The statement of claim filed by Mr Aguero with the Supreme Court of Western Australia claims, amongst other things, damages or alternatively the sum of \$1,840,000 plus costs. Gippsland Limited holds the view that the claim is completely without merit and accordingly the claim is being vigorously defended.

OPTIONS OVER UNISSUED CAPITAL

LISTED OPTIONS

As at 30 June 2005 and the date of this report the following listed options were on issue:

Option expiry date	Exercise price	Number on issue
31 December 2007	9 cents	43,771,393

During the financial year there were no listed options exercised.

UNLISTED OPTIONS

As at 30 June 2005 and the date of this report the following unlisted options were on issue:

Option expiry date	Exercise price	Number on issue
31 December 2007	4 UK pence	10,000,000

During the financial year a total of 2,790,567 unlisted options exercisable at 2.8 UK Pence were exercised.

DIRECTORS' REPORT (CONT)

MEETINGS OF DIRECTORS

During the financial year, 13 meetings of Directors were held. Attendances were as follows:

	Number Of Meetings Attended	Number Of Meetings Eligible To Attend
Robert John Telford	13	13
John Morrison Chisholm	13	13
John Dunlop	--	--
John Damian Kenny	13	13

REMUNERATION REPORT

The Company's policy for determining the nature and amount of emoluments of Board members and senior executives of the Company is considered by the Directors following a review of the market rates and performance.

Non-Executive Directors are remunerated on a fixed fee basis for the performance of services as a Director.

Details of the nature and amount of each element of the emoluments of each Director are as set out in the following table:

Directors

Consolidated Entity and Parent Entity

Name	Director's Fees (\$)	Consulting and Management Fees (\$)	Superannuation (\$)	Total (\$)
Robert John Telford	--	174,960 (i)	--	174,960
John Morrison Chisholm	36,000	24,650 (i)	--	60,650
John Damian Kenny	--	36,000 (i)	--	36,000

The consulting and management fees include fees paid to related parties of the Directors.

The Company has entered into a consulting arrangement with a company controlled by Mr RJ Telford to carry out management and administration services on behalf of the Company based upon an annual fee of \$175,000. A company in which Dr J M Chisholm has an interest supplies geological services to the Company (Refer Note 17). The Company has an arrangement with a company associated with Mr J Kenny to supply corporate services to the Company at normal commercial rates and conditions (Refer Note 17). There are no other contracts to which a Director is a party or under which a Director is entitled to a benefit other than as disclosed in these financial statements.

Other than the Directors there are no executive officers of the Company or parent entity.

NON-AUDIT SERVICES

The board of directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed in Note 15 did not compromise the external auditor's independence financial years.

AUDITOR'S INDEPENDENCE DECLARATION

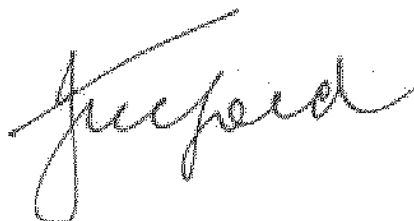
The lead auditor's independence declaration for the year ended 30th June 2005 has been received and can be found following this directors' report.

INDEMNIFYING OFFICERS AND AUDITOR

During or since the end of the financial year, the Company has not given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay an insurance premium for Officers and Auditors indemnity. The Constitution of the Company allows for an indemnity in respect of legal liability for damages and legal costs arising from claims made by reason of any omissions or acts (other than dishonesty) by them, whilst acting in their individual or collective capacity as Directors or Officers of the Company or its controlled entities.

Dated at Perth this 29th day of September 2005.

Signed in accordance with a resolution of the Board.



RJ TELFORD
DIRECTOR

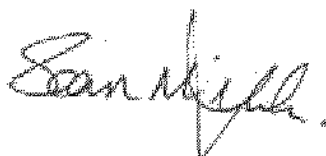
AUDITOR'S INDEPENDENCE DECLARATION

Grant Thornton 

AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C OF THE CORPORATIONS ACT 2001 - YEAR END AUDIT

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Gippsland Limited for the year ended 30 June 2005, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit;
and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



SEAN MCGURK
PARTNER
GRANT THORNTON
PERTH

STATEMENTS OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2005

	NOTE	CONSOLIDATED ENTITY		PARENT ENTITY	
		2005 \$	2004 \$	2005 \$	2004 \$
Revenues from ordinary activities	2	22,941	14,539	22,941	14,539
Foreign exchange (losses) gains	3	(96,093)	79,950	(96,093)	79,950
Employee expenses		(128,278)	(68,313)	(128,278)	(68,313)
Management and consulting expenses		(139,968)	(134,269)	(139,968)	(134,269)
Exploration and feasibility expenses		(1,134,564)	(941,081)	(1,098,146)	(941,081)
Corporate office expenses		(60,958)	(47,922)	(60,958)	(47,922)
Depreciation expense	3	(11,496)	(6,465)	(11,496)	(6,465)
Provision for non-recovery of loans	3	(13,123)	(59,039)	(109,623)	(126,687)
Provision for diminution in value of investment	3	(13,124)	(59,039)	--	--
Travel and accommodation expenses		(85,315)	(73,619)	(85,315)	(73,619)
AIM administration expenses		(156,309)	(66,229)	(156,309)	(66,229)
Other expenses from ordinary activities		(178,921)	(50,503)	(131,963)	(41,894)
Loss from ordinary activities before income tax		(1,995,208)	(1,411,990)	(1,995,208)	(1,411,990)
Income tax relating to ordinary activities	4	--	--	--	--
Net loss attributable to members of the parent entity	13	(1,995,208)	(1,411,990)	(1,995,208)	(1,411,990)
Adjustments recognised directly in equity.	12(a)	(74,581)	(299,574)	(74,581)	(299,574)
Total Equity changes		(2,069,789)	(1,711,564)	(2,069,789)	(1,711,564)
Basic loss per share (cents per share)	16	(1.3)	(1.2)		
Diluted loss per share (cents per share)	16	(1.3)	(1.2)		

DISCUSSION AND ANALYSIS -- FINANCIAL PERFORMANCE

The Consolidated Operating Loss for the financial year increased by \$583,216, mainly due to the increased level of activities surrounding the finalisation of the bankable feasibility study on the Abu Dabbab Tantalum project in Egypt, and the additional work done to attract potential financiers for the project (refer operations review in this report for additional information)

Additionally, increased expenditure was undertaken in respect to the exploration of the eight Wadi Allaqi gold and one copper/nickel projects located to the southeast of Aswan in Egypt.

Additional costs were also incurred as the Company completed its first full year trading on the London AIM market, following the successful dual listing with the ASX in March 2004. This dual listing has enabled the Company to access the significantly larger equity markets in London, and it is anticipated that additional equity funding required to finance the Abu Dabbab Tantalum project will be raised predominantly in this market.

The UK listing has led to fund raisings being made in UK Pounds, and the Company has suffered an exchange loss during this financial year compared to an exchange gain in the 2004 financial year as the UK Pound has depreciated against the Australian Dollar.

Other operating expenses have also increased in line with the increased activities undertaken by the Company related to the Abu Dabbab project

The statements of financial performance are to be read in conjunction with the accompanying notes to the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2005

		CONSOLIDATED ENTITY		PARENT ENTITY	
	NOTE	2005 \$	2004 \$	2005 \$	2004 \$
CURRENT ASSETS					
Cash assets	5	589,522	1,050,459	589,417	1,050,359
Receivables	6	33,078	46,343	33,078	46,343
Other financial assets	7	15,270	15,249	15,270	15,249
TOTAL CURRENT ASSETS		637,870	1,112,051	637,765	1,111,951
NON CURRENT ASSETS					
Receivables	6	--	--	--	--
Other financial assets	7	--	--	305	300
Property, plant and equipment	8	41,942	13,476	41,942	13,476
TOTAL NON CURRENT ASSETS		41,942	13,476	42,247	13,776
TOTAL ASSETS		679,812	1,125,527	680,012	1,125,727
CURRENT LIABILITIES					
Payables	9	99,225	218,014	99,225	218,014
Provisions	10	9,000	5,042	9,000	5,042
TOTAL CURRENT LIABILITIES		108,225	223,056	108,225	223,056
TOTAL LIABILITIES		108,225	223,056	108,225	223,056
NET ASSETS		571,587	902,471	571,787	902,671
EQUITY					
Contributed equity	12	15,868,236	14,203,912	15,868,236	14,203,912
Accumulated losses	11	(15,296,649)	(13,301,441)	(15,296,449)	(13,301,241)
TOTAL EQUITY	13	571,587	902,471	571,787	902,671

DISCUSSION AND ANALYSIS ~ FINANCIAL POSITION

During the year the main changes to the financial position have occurred in the equity contributed, with a total net \$1,664,324 of new equity raised through the London AIM Market. These funds were used predominantly to fund the exploration and feasibility costs which have been fully expensed in the current year accounts.

There has also been a decrease in the cash on hand, reflecting the increased costs involved with the activities undertaken by the Company in finalising the bankable feasibility study on the Abu Dabbab Tantalum project in Egypt, and the additional work done to attract potential financiers for the project (refer operations review in this report for additional information).

Other Balance Sheet items also reflect the increased activity undertaken by the Company during the year.

The statements of financial position are to be read in conjunction with the accompanying notes to the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2005

		CONSOLIDATED ENTITY		PARENT ENTITY	
	NOTE	2005 \$	2004 \$	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Other receipts		101,906	83,653	101,906	83,653
Interest received	2	22,941	14,539	22,941	14,539
Payments for exploration and feasibility expenditure		(1,219,906)	(808,168)	(1,183,487)	(808,168)
Payments for administrative expenditure		(884,774)	(528,973)	(837,817)	(520,364)
Net cash used in operating activities	14(b)	(1,979,833)	(1,238,949)	(1,896,457)	(1,230,340)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for investment in Tantalum Egypt LLC	7	(13,124)	(59,039)	--	--
Loan to Egyptian Company for Mineral Resources	6	(13,123)	(59,039)	--	--
Payment for investment in subsidiary		--	--	(5)	--
Loans to subsidiaries		--	--	(109,623)	(126,687)
Purchase of plant and equipment		(39,962)	(8,082)	(39,962)	(8,082)
Net cash used in investing activities		(66,209)	(126,160)	(149,590)	(134,769)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		1,738,905	2,561,052	1,738,905	2,561,052
Transaction costs from issue of shares		(57,707)	(316,447)	(57,707)	(316,447)
Net cash provided by financing activities		1,681,198	2,244,605	1,681,198	2,244,605
Net increase/(decrease) in cash held		(364,844)	879,496	(364,849)	879,496
Effects of exchange rate changes on cash		(96,093)	79,950	(96,093)	79,950
Cash at the beginning of the financial year		1,050,459	91,013	1,050,359	90,913
Cash at the end of the financial year	14(a)	589,522	1,050,459	589,417	1,050,359

DISCUSSION AND ANALYSIS – CASHFLOWS

The main cashflow items during the year were the proceeds from new share issues made through the London AIM Markets. These were lower than the previous year, as the company finalised the bankable feasibility study on the Abu Dabbab Tantalum project in Egypt, and completed additional work to attract potential financiers for the project (refer operations review in this report for additional information).

Payments for administrative expenditure also increased reflecting the increased level of activity undertaken by the Company during the financial year.

The additional expenditures have led to a decrease in cash on hand at the end of the financial year, as expenses have been greater than the inflow of funds through new equity issues.

The statements of cash flows are to be read in conjunction with the accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with applicable Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

This financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the consolidated entity's assets and the discharge of its liabilities in the normal course of business. The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values, or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report.

(a) Principles Of Consolidation

The consolidated financial statements comprise the financial statements of Gippsland Limited and all of its controlled entities. A controlled entity is any entity controlled by Gippsland Limited. Control exists where Gippsland Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Gippsland Limited to achieve the objectives of Gippsland Limited. A list of controlled entities is contained in Note 7 to the financial statements.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation.

Outside interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

(b) Income Tax

The consolidated entity adopts the income statement liability method of tax-effect accounting. Income tax expense is calculated on the operating result adjusted for permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation, and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Mineral Exploration Expenditure

Exploration, evaluation and development costs include expenditure on prospects still at an exploratory or development stage and are expensed as incurred. These costs include costs of acquisition, exploration, determination of recoverable reserves, economic feasibility studies and all technical and administrative overheads directly associated with those projects.

Recoupment of capitalised exploration, evaluation and development costs is dependent upon the successful development and commercial exploitation of each area of interest and are amortised over the expected commercial life of each area once production commences.

(d) Going Concern Basis of Accounting

The general purpose financial report has been prepared on the basis of a going concern. The consolidated entity's ability to continue as a going concern is contingent upon raising additional capital to fund exploration commitments, other principal activities and for use as working capital. If additional capital is not raised, the going concern basis may not be appropriate with the result that the entity may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances have been made in the financial report.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2005

(e) Property, Plant and Equipment

Property, plant and equipment are carried at cost, less, where applicable, any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates for plant and equipment range between 13% and 33%.

(f) Foreign currency transactions

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at the reporting date are translated at the rates of exchange ruling on that date. Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement of financial performance in the year in which the exchange rates change.

(g) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(h) Investments

Non-current investments are measured on the cost basis. The carrying amount of non-current investments is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the shares' current market value or the underlying net assets in the particular entities.

(i) Interests in Joint Ventures

Interests in joint ventures are brought to account by including in the respective classifications the share of individual assets employed and liabilities and expenses incurred in the Statement of Financial Position and Statement of Financial Performance.

(j) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits are expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal value.

Liabilities for other employee entitlements, which are not expected to be paid or settled within 12 months of balance date, are accrued at undiscounted amounts, where material, in respect of all employees at the present values of future amounts expected to be paid.

Contributions are made by the consolidated entity to employee superannuation funds and are charged as expenses when incurred.

(k) Cash

For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts.

(l) **Receivables and Revenue Recognition**

Interest revenue is recognised on an accruals basis taking into account the interest rates applicable to the financial assets.

Sundry debtors are settled within 60 days and are carried at amounts due. The collectibility of debts is assessed at the reporting date and specific provision is made for any doubtful debts.

(m) **Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to the ATO are classified as operating cash flows.

(n) **Payables**

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) **Contributed Equity**

Issued capital is recognised as the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(p) **Earnings per Share**

Basic earnings per share ("EPS") are calculated based upon the net loss divided by the weighted average number of ordinary shares. Diluted EPS are calculated as the net loss divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

(q) **Comparative Figures**

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2005

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2005 \$	2004 \$	2005 \$	2004 \$
NOTE 2 REVENUE FROM ORDINARY ACTIVITIES				
Operating activities:				
• Interest received from other persons	22,941	14,539	22,941	14,539
Total revenue from ordinary activities	22,941	14,539	22,941	14,539

NOTE 3 LOSS FROM ORDINARY ACTIVITIES

The loss from ordinary activities before income tax has been determined after:

Expenses:

Rental expense on operating leases	20,412	21,800	20,412	21,800
Contributions to employees superannuation plans	4,320	5,760	4,320	5,760
Depreciation of plant and equipment	11,496	6,465	11,496	6,465

Movements in provisions:

• Employee entitlements	3,958	(1,447)	3,958	(1,447)
• Provision against loan to Tantalum Int Pty Ltd	--	--	26,247	118,079
• Provision against loan to Here2win.com Pty Ltd	--	--	46,957	8,608
• Provision against of loan to Nubian Resources plc	--	--	36,419	--
• Provision for non-recovery of loan to other parties	13,123	59,039	--	--
• Provision for diminution	13,124	59,039	--	--
Foreign exchange losses	96,093	--	96,093	--

Exploration expenditure incurred and written off	1,134,564	941,081	1,098,145	941,081
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Income:

Foreign exchange gains	--	79,950	--	79,950
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NOTE 4 INCOME TAX

(a) Income Tax Expense

The aggregate amount of income tax attributable to the financial year differs by more than 15% from the prima facie tax benefit on the operating loss. The differences are reconciled as follows:

Loss from ordinary activities	(1,995,208)	(1,411,990)	(1,995,208)	(1,411,990)
Prima facie tax benefit on operating loss before income tax at 30% (2004: 30%)	(598,562)	(423,597)	(598,562)	(423,597)
Add: tax effect of non-allowable items	32,887	38,006	32,887	38,006
Income tax benefit attributable to operating loss not brought to account	(565,675)	(385,591)	(565,675)	(385,591)
Future income tax benefit not brought to account	565,675	385,591	565,675	385,591
Income tax expense shown in the financial statements	--	--	--	--

(b) Future Income Tax Benefit

Future income tax benefits relating to tax losses not brought to account as their recoverability is not virtually certain	3,110,238	2,517,385	2,361,703	1,768,850
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The benefit will only be obtained if the Company derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for these losses to be realised; the Company continues to comply with the condition for deductibility imposed by tax legislation; and no changes to tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

The consolidated entity has not entered into a tax consolidated group and there has been no impact on the tax position as a consequence of the introduction of the revised tax legislation.

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2005	2004	2005	2004
	\$	\$	\$	\$
NOTE 5 CASH ASSETS				
Cash at bank and on hand	136,507	59,607	136,402	59,607
Cash held in foreign currency	453,015	990,852	453,015	990,852
Cash at bank and on hand	589,522	1,050,459	589,417	1,050,459

The cash held in foreign currency pays interest at an average rate of 2.9% at 30 June 2005

NOTE 6 RECEIVABLES

CURRENT

Sundry debtors	33,078	46,343	33,078	46,343
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NON CURRENT

Amounts owed from controlled entities (i)	--	--	2,738,360	2,628,737
Provision for non-recovery	--	--	(2,738,360)	(2,628,737)
	--	--	--	--
Amounts owed from other parties -- Egyptian Mineral Resources Authority	72,162	59,039	--	--
Provision for non-recovery	(72,162)	(59,039)	--	--
	--	--	--	--
	--	--	--	--

(i) The loans to controlled entities are advanced interest free, are unsecured and there are no set terms for repayment.

NOTE 7 OTHER FINANCIAL ASSETS

CURRENT

Prepayments	15,270	15,249	15,270	15,249
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NON CURRENT

Shares in subsidiaries, at cost

	Country of Incorporation	Class of Shares	Percentage Holding		Cost of Parent Entity's Investment	
			2005	2004	2005	2004
			%	%	\$	\$
Abutan Pty Ltd	Australia	Ordinary	100	100	100	100
Tantalum International Pty Ltd	Australia	Ordinary	100	100	100	100
Here2win.com Pty Ltd	Australia	Ordinary	90	90	100	100
Nubian resources Plc	UK	Ordinary	100	--	5	--
					305	300

(a) The controlled entities are not audited as they are small proprietary companies not required to prepare financial statements.

(b) The ultimate parent entity is Gippsland Limited.

(c) On 20 May 2004 Nubian Resources PLC was incorporated in the United Kingdom for the purpose of exploring eight gold areas and one copper-nickel area in the Wadi Allaqi region of Egypt. All the issued shares were held in trust as at 30 June 2004 and were transferred to Gippsland Limited in the current financial year.

During 2003 a wholly-owned subsidiary of the Company, Tantalum International Pty Ltd acquired a 50% interest in Tantalum Egypt LLC for cash consideration of US\$40,000 (A\$59,039) and a further amount of US\$10,000 (A\$13,124) during the current financial year. The remaining 50% interest in Tantalum Egypt LLC is held by the Egyptian Mineral Resources Authority which in turn is 100% owned by the Egyptian Ministry of Petroleum, which is itself owned by the sovereign state that is the Arab Republic of Egypt. The investment by Tantalum International Pty Ltd has been fully provided against as at 30 June 2005.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2005

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2005	2004	2005	2004
	\$	\$	\$	\$
NOTE 8 PROPERTY, PLANT AND EQUIPMENT				
Plant and equipment – at cost	177,313	137,352	177,313	137,352
Less: Accumulated depreciation	(135,371)	(123,876)	(135,371)	(123,876)
Total property, plant and equipment	41,942	13,476	41,942	13,476
Movement in carrying amounts:				
Movement in the carrying amounts for each class of, property, plant and equipment between the beginning and end of the current financial year.				
Balance at the beginning of year	13,476	11,859	13,476	11,859
Additions	39,962	8,082	39,962	8,082
Depreciation expense	(11,496)	(6,465)	(11,496)	(6,465)
	41,942	13,476	41,942	13,476
NOTE 9 PAYABLES				
CURRENT (Unsecured)				
Sundry creditors and accrued expenses	90,225	208,114	90,225	208,114
Amounts payable to Director related entities (Refer Note 17(e))	9,000	9,900	9,000	9,900
	99,225	218,014	99,225	218,014
NOTE 10 PROVISIONS				
CURRENT				
Employee entitlements	9,000	5,042	9,000	5,042
Number of employees at year end	1	1	1	1
NOTE 11 ACCUMULATED LOSSES				
Accumulated losses at the beginning of the financial year	(13,301,441)	(11,889,451)	(13,301,241)	(11,889,251)
Net loss attributable to members of the parent entity	(1,995,208)	(1,411,990)	(1,995,208)	(1,411,990)
Accumulated losses at the end of the financial year	(15,296,649)	(13,301,441)	(15,296,449)	(13,301,241)

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2005 \$	2004 \$	2005 \$	2004 \$
NOTE 12 CONTRIBUTED EQUITY				
(a) Paid up capital:				
162,818,926 (2004: 139,528,359) fully paid ordinary shares	15,868,236	14,203,912	15,868,236	14,203,912
Share Movements				
• Opening balance	14,203,912	11,942,434	14,203,912	11,942,434
• On 3 December 2004 the Company issued 20,000,000 ordinary shares at 3 pence (7.5 cents) each (refer b(i))	1,491,612	--	1,491,612	--
• On 3 March 2005 the Company issued 500,000 shares under an employment contract at 11 cents each	55,000	--	55,000	--
• On 27 April 2005 the Company issued 2,790,567 following an option conversion at 2.8 pence (7 cents) each (refer (b)(ii))	192,293	--	192,293	--
• On 5 August 2003 the Company issued 14,000,000 ordinary shares at 4 cents each	--	560,000	--	560,000
• On 5 December 2003 the Company issued 6,000,000 ordinary shares at 5 cents each	--	300,000	--	300,000
• On 8 March 2004 the Company issued 25,000,000 ordinary shares at 6.8 cents (2.8 UK pence) cents each	--	1,701,052	--	1,701,052
• Less: Issue costs associated with capital raisings	(74,581)	(299,574)	(74,581)	(299,574)
• Closing balance	15,868,236	14,203,912	15,868,236	14,203,912

The purpose of the share issues above were to support the ongoing operations of the Company.

NOTES:

- (i) Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.
- (ii) Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(b) Options on issue	Number of Options	Number of Options
The following options over ordinary shares are on issue:		
Options exercisable at 9 cents on or before 31/12/2007 (listed)	43,771,393	43,771,393
Options exercisable at 4 UK pence on or before 31/12/2007 (unlisted) (i)	10,000,000	--
Options exercisable at 2.8 UK pence on or before 8/03/2007 (unlisted) (ii)	--	2,790,567
	53,771,393	46,561,960

- (i) During the year a total of 10,000,000 unlisted options exercisable at 4 UK pence on or before 31/12/2007 were issued as securities offered under capital raising initiatives (Refer Note 12(a)).
- (ii) On 27 April 2005 a total of 2,790,567 unlisted options were exercised at 2.8 UK pence (7 cents) (Refer Note 12(a)).

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2005

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2005 \$	2004 \$	2005 \$	2004 \$
NOTE 13 TOTAL EQUITY RECONCILIATION				
Balance at the beginning of the year	902,471	52,983	902,671	53,183
Total changes in equity recognised in the Statement of Financial Performance attributable to members of the parent entity	(1,995,208)	(1,411,990)	(1,995,208)	(1,411,990)
Net proceeds from the issue of shares	1,664,324	2,261,478	1,664,324	2,261,478
Balance at the end of the year	571,587	902,471	571,787	902,671

NOTE 14 CASH FLOW INFORMATION

(a) Reconciliation of cash

Cash on hand and foreign currency cash reserves	589,522	1,050,459	589,417	1,050,359
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The Company has no unused, standby or other credit facilities.

(b) Reconciliation of cash flow from operations to loss from ordinary activities after income tax

Loss from ordinary activities after income tax	(1,995,208)	(1,411,990)	(1,995,208)	(1,411,990)
<i>Non cash items</i>				
Depreciation	11,496	6,465	11,496	6,465
Provision for non- recovery of loans to subsidiaries	--	--	109,623	126,687
Provision for non-recovery of other loans	13,124	59,039	--	--
Provision for diminution in investments	13,123	59,039	--	--
Foreign exchange loss (gain)	96,093	(79,950)	96,093	(79,950)
Issue of shares -- non cash	--	--	--	--
Changes in assets and liabilities:				
• (increase) decrease in sundry debtors	(3,608)	(11,978)	(3,608)	(11,978)
• (increase) decrease in prepayments	(21)	(15,248)	(21)	(15,248)
• increase (decrease) payables	(118,790)	157,121	(118,790)	157,121
• increase (decrease) in provisions	3,958	(1,447)	3,958	(1,447)
Net cash flow used in operating activities	(1,979,833)	(1,238,949)	(1,896,457)	(1,230,340)

(c) There were no material non cash items during the financial year.

NOTE 15 AUDITORS' REMUNERATION

Remuneration of the auditors of the parent entity for auditing and audit review of the financial and half yearly reports

12,450	11,350	12,450	11,350
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		CONSOLIDATED ENTITY	
		2005	2004
		CENTS PER SHARE	CENTS PER SHARE
NOTE 16 LOSS PER SHARE			
Loss per share – Basic loss per share (cents per share)		(1.3)	(1.2)
Diluted loss per share – Diluted loss per share (cents per share)		(1.3)	(1.2)
(a) The weighted average number of ordinary shares used in calculating basic loss per share		151,695,172	117,020,162
(b) Adjusted weighted average number of ordinary shares used in calculating diluted loss per share		151,468,789	117,828,359
(c) Loss used in the calculation of basic and diluted loss per share		(1,995,208)	(1,411,990)
(d) The 2,790,567 unlisted options exercisable at 2.8 UK pence each on or before 8 March 2007, and exercised on 27 April 2005 have been included as potential ordinary shares in the determination of diluted loss per share. The 43,771,393 listed options exercisable at 9 cents each on or before 31 December 2007 have not been included as potential ordinary shares in the determination of diluted loss per share.			

NOTE 17 DIRECTORS' AND EXECUTIVES' DISCLOSURES

(a) Remuneration of Specified Directors and Specified Executives by the consolidated entity

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors and senior executives. The Board obtains independent advice on the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally. Remuneration packages include fixed remuneration with bonuses or equity based remuneration entirely at the discretion of the Board based on the performance of the consolidated entity.

Non-Executive Directors' base fees are presently \$36,000 per annum. Non-Executive Directors do not receive bonuses. Directors' fees cover all main Board activities.

The following table provides the details of all Directors of the Company ("Specified Directors") and the nature and amount of the elements of their remuneration for the year ended 30 June 2005. There are no "Specified Executives" that are involved in the strategic direction of the Company, as this role is completed by the Executive Chairman and the Non-Executive Directors.

2005					
Specified Directors	Primary Directors' Fees \$	Consulting & Management Fees \$	Post Employment Superannuation \$	Retirement Benefits \$	Total \$
RJ Telford	–	174,960	–	–	174,960
JM Chisholm	36,000	24,650	–	–	60,650
JD Kenny	–	36,000	–	–	36,000
	36,000	235,610	–	–	271,610

2004					
Specified Directors	Primary Directors' Fees \$	Consulting & Management Fees \$	Post Employment Superannuation \$	Retirement Benefits \$	Total \$
RJ Telford	–	169,220	–	–	169,220
JM Chisholm	15,000	18,000	1,350	–	34,350
JD Kenny	–	36,000	–	–	36,000
	15,000	223,220	1,350	–	239,570

There were no loans made to any directors at 30 June 2005 (30 June 2004; \$Nil)

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2005

(b) Equity instruments

All options refer to options over ordinary shares of Gippsland Limited, which are exercisable on a one for one basis.

Options over equity instruments granted as remuneration

During the reporting period there were no options over ordinary shares granted and/or vested to Specified Directors or their nominees. No options have been granted to Specified Directors since the end of the financial year. During and since the reporting period no options have been exercised by Specified Directors.

(c) Specified Directors' Share and Option Holdings in the Parent Entity

2005

The aggregate numbers of ordinary shares and options of the Company held directly, indirectly or beneficially by Specified Directors of the Company or their personally-related entities is as follows:

Specified Directors	Ordinary Shares				Listed Options	
	1 July 2004	Purchases	Sales	30 June 2005	30 June 2005	30 June 2004
RJ Telford	13,788,124	--	(220,000)	13,568,124	6,558,322	6,658,280
JM Chisholm	50,000	--	--	50,000	2,260,000	2,260,000
JD Kenny	--	--	--	--	2,250,000	2,250,000

2004

The aggregate numbers of ordinary shares and options of the Company held directly, indirectly or beneficially by Specified Directors of the Company or their personally-related entities is as follows:

Specified Directors	Ordinary Shares				Listed Options	
	1 July 2003	Purchases	Sales	30 June 2004	30 June 2004	30 June 2003
RJ Telford	13,973,124	--	(185,000)	13,788,124	6,658,280	6,758,280
JM Chisholm	50,000	--	--	50,000	2,260,000	2,260,000
JD Kenny	--	--	--	--	2,250,000	2,250,000

(d) Other Transactions with the Company or its controlled entities

A number of Specified Directors or their personally-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company or its subsidiaries in the reporting period. The terms and conditions of those transactions were no more favourable than those available, or might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

The aggregate amounts recognised during the year relating to Specified Directors and their personally-related entities were as detailed below:

		Consolidated Entity & Parent Entity	
Specified Directors	Transaction	30 June 2005 \$	30 June 2004 \$
JM Chisholm	Geological consulting services (i)	24,650	2,915
JD Kenny	Legal services (ii)	--	11,842

(i) Fees for geological consulting services were paid to an entity in which Dr JM Chisholm has an interest. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

(ii) Fees for legal services were paid to an entity in which Mr JD Kenny has an interest. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

Fees for management and administration were paid to an entity controlled by Mr RJ Telford. These fees have been disclosed in Note 17(a).

(e) Payables to Specified Directors of the Company and their personally related entities

	Consolidated Entity & Parent Entity	
	30 June 2005 \$	30 June 2004 \$
Aggregate amount payable at balance date		
Current -- Accounts payable (Refer Note 9)	9,000	9,900

The amounts payable as at 30 June 2005 comprised amounts owed in relation to Director consultancy fees owed to Dr JM Chisholm of \$6,000 (2004: \$6,000) and Director consultancy fees owed to Mr JD Kenny of \$3,000 (2004: \$3,000).

NOTE 18 RELATED PARTY TRANSACTIONS

Gippsland Limited is the ultimate parent entity.

The only non Director related party to the Company are its controlled entities. Refer Note 7 for further details.

Gippsland Limited (the parent entity) has made loans to its controlled entities totalling \$2,738,360 (2004: \$2,628,737). Refer Note 6 for further details.

There were no other related party transactions during the year.

NOTE 19 STATEMENT OF OPERATIONS BY SEGMENT

The Company operates within the mineral exploration industry predominantly in the geographical segment of Egypt. There are no assets or liabilities recorded with respect to the operations in Egypt and all expenditure is written off to the Statement of Financial Performance.

NOTE 20 CONTINGENT LIABILITIES

- (a) In accordance with normal industry practice the Company has entered into a joint venture agreement with other parties for the purpose of exploring and developing various mineral interests. If a party to a joint venture defaults and does not contribute its share of joint venture obligations, then the other joint venturers are liable to meet those obligations. In this event the interest in the permit held by the defaulting party may be redistributed to the remaining joint venturers.
- (b) In June 1992 the High Court of Australia held in "the Mabo case" that the common law of Australia recognises a form of native title. The full impact that the Mabo decision may have on tenements held by the Company is not yet known.
- (c) One of Gippsland Limited's investee companies is Here2win.com Pty Ltd in which Gippsland Limited owns a 90% interest. Here2win.com Pty Ltd is the owner of various Internet horse racing gaming concepts. On 14 August 2000 Gippsland Limited announced to the Australian Stock Exchange Ltd that the services of the Chief Executive Officer of Here2win.com Pty Ltd, Mr Alex Aguero, had been terminated. Mr Aguero, through Highforce Investments Pty Ltd, continues to hold a 10% equity stake in Here2win.com Pty Ltd. Mr Aguero has commenced litigation against Gippsland Limited seeking payment of what he alleges is unpaid compensation for his services rendered while CEO. The statement of claim filed by Mr Aguero with the Supreme Court of Western Australia claims, amongst other things, damages or alternatively the sum of \$1,840,000 plus costs. Gippsland Limited holds the view that the claim is completely without merit and accordingly the claim is being vigorously defended.

NOTE 21 COMMITMENTS FOR EXPENDITURE

In order to maintain the mining and exploration tenements in which the Company and consolidated entity is involved, the Company and consolidated entity is committed to meet the conditions under which the tenements were granted and the obligations of the joint venture arrangement which is subject to the conditions contained in the Joint Venture Agreement and the Mining Licence. As at balance date, total estimated exploration expenditure commitments on tenements held by the consolidated entity have not been provided for in the financial statements and which cover the following twelve month period amount to up to \$500,000 (2004: \$1,000,000).

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2005

CONSOLIDATED ENTITY		PARENT ENTITY	
2005	2004	2005	2004
\$	\$	\$	\$

NOTE 22 LEASING COMMITMENTS

Total operating lease expenditure contracted for at balance date but not provided for in the consolidated financial statements, payable:

-- not later than 1 year	20,400	20,400	20,400	20,400
-- later than 1 year but not later than 5 years	3,400	23,800	3,400	23,800
Total Operating Lease Commitments	23,800	44,200	23,800	44,200

NOTE 23 SUPERANNUATION COMMITMENTS

The Company contributes to individual employee superannuation plans at the statutory rate of the employee's wages and salaries, in accordance with statutory requirements, to provide benefits to employees on retirement, death or disability.

NOTE 24 FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The consolidated entity's exposure to the interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rate and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non Interest Bearing		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
Financial assets								
Cash assets	3.16%	3.4%	589,522	1,050,459	--	--	589,522	1,050,459
Receivables			--	--	33,078	46,343	33,078	46,343
Total financial assets			589,522	1,050,459	33,078	46,343	622,600	1,096,802
Financial liabilities:								
Payables			--	--	99,225	218,014	99,225	218,014
Total financial liabilities			--	--	99,225	218,014	99,225	218,014

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

(c) Net Fair Values

For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

(d) Currency Risk

The Company has a Great British Pound foreign currency cash account as at 30 June 2005 holding £191,141 (2004 - £378,158) which equates to \$453,015 (2004 - A\$990,852) based upon the year end exchange rate of A\$1:GBP0.4219 (2004 - A\$1: GBP 0.382). The Company has no hedging in place in relation to managing any foreign exchange currency exposure.

NOTE 25 INTERESTS IN JOINT VENTURES

At 30 June 2005, the Company has interests in the following joint venture whose principal activities are the exploration for gold, precious metals and base metals.

Name of Project	% Interests		Other Parties
	2005	2004	
Zeehan Tin Deposit – Tasmania	40%	40%	Western Metals Ltd 60%
Abu Dabbab – Egypt	50%	50%	Egyptian Mineral Resources Authority – 50%
Wadi Allaqi, Egypt*	50%	50%	Egyptian Mineral Resources Authority – 50%

* consists of ten separate tenement holdings

The Joint Venture is of the type where initially one party contributes tenements with the other party earning a specified percentage by funding exploration activities. The Joint Venture does not hold any assets and accordingly the Company's share of exploration expenditure is accounted for in accordance with the policy set out in Note 1(i).

NOTE 26 SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

NOTE 27 IMPACT OF THE ADOPTION OF AUSTRALIAN EQUIVILANTS TO IFRS

Gippsland Limited is in the process of transitioning its accounting policies and financial reporting from current Australian Accounting Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS) which will be applicable for the financial year ending 30 June 2006. In 2004, the Company allocated internal resources to conduct impact assessments to identify key areas that would be impacted by the transition to AIFRS. Priority has been given to the preparation of an opening balance sheet in accordance with AIFRS as at 1 July 2004, Gippsland's transition date to AIFRS. This will form the basis of accounting for AIFRS in the future, and is required when Gippsland prepares its first fully AIFRS compliant financial report for the year ending 30 June 2006.

Set out below are the key areas where accounting policies are expected to change on adoption of AIFRS and our best estimate of the quantitative impact of the changes on total equity as at the date of transition and 30 June 2005 and on net profit for the year ended 30 June 2005.

The figures disclosed are management's best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual effects of transition to AIFRS may differ from the estimates disclosed due to ongoing work being undertaken by the Company in relation to AIFRS, potential amendments to AIFRS's and interpretations thereof being issued by the standard-setters and IFRIC and emerging accepted practice in the interpretation and application of AIFRS and UIG interpretations.

(a) Reconciliation of equity as presented under AGAAP to that under AIFRS

No material impacts are expected to the equity presented under AGAAP on adoption of AIFRS.

(b) Reconciliation of net loss under AGAAP to that under AIFRS

No material impacts are expected to the loss presented under AGAAP on adoption of AIFRS.

(c) Restated AIFRS Statement of Cash Flows for the year ended 30 June 2005

No material impacts are expected to the cash flows presented under AGAAP on adoption of AIFRS.

(d) Income Taxes

Under AIFRS, tax balances are determined using a 'balance sheet' approach, which significantly differs from the current methodology prescribed and applied as described in Note 1(b). Changes in deferred tax assets and deferred tax liabilities may arise as a consequence of the different method of measurement, including changes in deferred tax assets and deferred tax liabilities arising as a consequence of the recognition of the fair value of exploration assets and investments quoted on prescribed stock exchanges. The impact of these changes have not yet been quantified.

Under AIFRS, the criteria for recognition of carried forward tax losses is 'probable' as compared to the current 'virtually certain' test. The consolidated entity has carried forward tax losses which have not been recognised as deferred tax assets as they do not satisfy the 'probable' criteria under AIFRS.

(e) Financial Instruments

The directors have elected to apply the first-time adoption exemption available to the consolidated entity to defer the date of transition of AASB 132 'Financial Instruments: Disclosure and Presentation' and AASB 139 'Financial Instruments: Recognition and Measurement' to 1 July 2005. Accordingly, there are no quantitative impacts on the 30 June 2005 financial statements

DIRECTORS' DECLARATION

The directors of Gippsland Limited declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2005 and of the performance for the year ended on that date of the Company and economic entity;
2. The Chief Executive Officer and Chief Finance Officer have declared that:
 - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporation Act 2001; and
 - (b) the financial statements and notes for the financial year comply with Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors dated this 29th day of September 2005.



R J TELFORD
DIRECTOR

INDEPENDENT AUDIT REPORT

TO MEMBERS OF GIPPSLAND LIMITED

Grant Thornton 

SCOPE

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Gippsland Limited (the company) and Gippsland Limited and Controlled Entities (the consolidated entity), for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

INDEPENDENT AUDIT REPORT (CONT)

TO MEMBERS OF GIPPSLAND LIMITED

AUDIT APPROACH

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls. Our audit did not involve an analysis of the prudence of business decisions made by the directors or management. We have read the other information in the annual report to determine whether it contained any material inconsistencies with the financial report

Independence

In conducting our audit, we followed the applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

AUDIT OPTION

In our opinion, the financial report of Gippsland Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

INHERENT UNCERTAINTY REGARDING CONTINUATION AS A GOING CONCERN

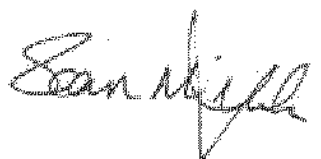
Without qualification to the audit opinion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 1(d) to the financial statements, there is significant uncertainty whether the consolidated entity will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.



GRANT THORNTON

Chartered Accountants

Perth - Dated this 29th day of September 2005



SEAN MCGURK

Partner

ASX ADDITIONAL INFORMATION

Pursuant to the Listing Requirements of the Australian Stock Exchange Limited, the shareholder information set out below was applicable as at 4 October 2005.

A. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of shareholders and option holders by size of holding:

Spread of Holdings	Number of Holders Ordinary Shares	Listed Options
1 - 1,000	53	52
1,001 - 5,000	145	46
5,001 - 10,000	221	22
10,001 - 100,000	494	68
100,001 and over	155	70
TOTAL	1,068	278
The total number of securities on issue	162,818,926	43,771,393
The number of holders holding less than a marketable parcel of securities	94	117

B. TWENTY LARGEST SHAREHOLDERS

Name	Number of Shares	%
Credit Suisse First Boston Client Nominees Ltd	20,000,000	12.28%
Eco International Pty Ltd	10,951,695	6.73%
William Rishcard Basil	9,150,000	5.62%
Situate Pty Ltd	7,300,000	4.48%
Taveroam Pty Ltd	5,900,000	3.62%
Sandstone Securities Pty Ltd	5,800,000	3.56%
King Town Holdings Pty Ltd	5,700,000	3.50%
Sunvest Corporation Ltd	5,166,665	3.17%
Barclayshare Nominees Limited	3,966,988	2.44%
LR Nominees Limited	2,798,178	1.72%
Telford Robert + Robin	2,616,429	1.61%
Trafalgar Resource Finance	2,608,332	1.60%
Starvest plc	2,500,000	1.54%
TD Waterhouse Nominees (Europe) Limited	2,497,000	1.53%
The Web Sharesop Limited	2,000,000	1.23%
Teawood Nominees Limited	2,000,000	1.23%
Giltspur Nominees Limited	1,624,000	1.00%
ANZ Nominees Limited	1,499,153	0.92%
Yellowrock Pty Ltd	1,300,000	0.80%
Cobalt Investments Ltd	1,220,481	0.75%
	96,598,921	59.33%

C. TWENTY LARGEST LISTED OPTION HOLDERS

Name	Number of Options	%
Eco International Pty Ltd	6,259,750	14.30%
Gray David James	2,400,000	5.48%
Mandu Superannuation Fund	2,260,000	5.16%
Ventureworks JDK Pty Ltd	2,250,000	5.14%
Situate Pty Ltd	2,220,000	5.07%
Sandstone Securities Pty Ltd	1,650,000	3.77%
Kemp David Christopher	1,649,683	3.77%
King Town Holdings Pty Ltd	1,500,000	3.43%
Tricom Nominees Pty Ltd	1,300,000	2.97%
Windowland Pty Ltd	1,045,000	2.39%
Healy Robert Anthony	1,000,000	2.28%
Averon Holdings Limited	1,000,000	2.28%
Edgewater Estates Limited	1,000,000	2.28%
Broko Investments Pty Ltd	825,000	1.88%
Rosewarne Superannuation	700,000	1.60%
Highplus Holdings Pty Ltd	560,000	1.28%
Jacpou Investments Pty Ltd	554,412	1.27%
Helena Nemchin	500,000	1.14%
Mark Koussas	500,000	1.14%
Webb John Langley	400,000	0.91%
	29,573,845	67.54%

D. UNLISTED OPTION HOLDERS

Options exercisable at 4.0 UK Pence on or before 31 December 2007

Name	Number of Options	%
Credit Suisse First Boston Client Nominees Ltd	10,000,000	100%
	10,000,000	100%

E. SUBSTANTIAL SHAREHOLDERS

	Number of Ordinary Shares in which interests held	%
Credit Suisse First Boston Client Nominees Ltd	20,000,000	12.28%
Eco International Pty Ltd and RJ & R Telford	13,568,124	8.33%
Situate Pty Ltd and Taveram Pty Ltd	13,200,000	8.10%
Sandstone Securities Pty Ltd and King Town Holdings Pty Ltd	11,500,000	7.06%

ASX ADDITIONAL INFORMATION (CONT)

F. SCHEDULE OF INTERESTS

Name of Project	% Interests		Other Parties
	2005	2004	
Abu Dabbab Project – Egypt	50%	50%	Egyptian Mineral Resources Authority – 50%
Nuweibi Deposit – Egypt	50%	50%	Egyptian Mineral Resources Authority – 50%
Seiga – Wadi Allaqi, Egypt	50%	50%	Egyptian Mineral Resources Authority – 50%
Um Shashoba – Wadi Allaqi, Egypt	50%	50%	Egyptian Mineral Resources Authority – 50%
Haimur – Wadi Allaqi, Egypt	50%	50%	Egyptian Mineral Resources Authority – 50%
Nile valley Block E – Wadi Allaqi, Egypt	50%	50%	Egyptian Mineral Resources Authority – 50%
Nile valley Block A – Wadi Allaqi, Egypt	50%	50%	Egyptian Mineral Resources Authority – 50%
Um Garayat – Wadi Allaqi, Egypt	50%	50%	Egyptian Mineral Resources Authority – 50%
Koleit – Wadi Allaqi, Egypt	50%	50%	Egyptian Mineral Resources Authority – 50%
Um Tiur – Wadi Allaqi, Egypt	50%	50%	Egyptian Mineral Resources Authority – 50%
Abu Swayel – Wadi Allaqi, Egypt	50%	50%	Egyptian Mineral Resources Authority – 50%
Zeehan Tin Deposit – Australia	40%	40%	Western Metals Ltd 60%

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