

FIRST QUARTER ACTIVITIES REPORT

Period: July - September 2007
Release date: 31 October 2007

HIGHLIGHTS

- ❖ ABU DABBAB TANTALUM-TIN PROJECT
 - ◆ Significant progress in project finance negotiations
 - ◆ Construction of site access to initial mining benches
 - ◆ Announcement of a Reserves upgrade drilling programme
 - ◆ Acquisition of satellite data for mine grid survey
 - ❖ WADI ALLAQI EXPLORATION - COPPER-NICKEL
 - ◆ Completion of TEM survey
 - ◆ Abu Swayel initial drilling programme completed
 - ◆ Copper and Nickel mineralisation intersected
 - ❖ COMMENCEMENT OF SHARE TRADING ON UK PLUS MARKETS
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ABU DABBAB

Project Finance

During the quarter Gippsland has made sound commercial progress toward securing project finance for the Abu Dabbab project. The Company has received strong interest from both German and United Kingdom based banks.

Minesite access

During the quarter, work was undertaken to widen dirt access roads leading directly to the Abu Dabbab mining benches, utilising in part existing tracks constructed during the Soviet exploration period. The Soviet tracks were cleared, refurbished and continued around to the adits on the south side of the deposit. This work is preliminary to the preparation of the initial mining benches at the 455 level.



Figure 1: Construction of the Abu Dabbab mine access road

Tantalum Reserve Up-grade Drilling

The Company determined that the Abu Dabbab reserves could be increased significantly by undertaking a relatively small drilling programme. Accordingly, during the quarter, site preparation was completed for a 2,190m nine hole combined RC and diamond drilling programme. The drilling campaign will test the areas between the existing holes giving a greater density of drill intersections. Large drill pads were constructed so that multiple holes could be drilled from the same location as the rugged topography precluded the construction of the drill pads on a regular spacing along the section lines.

The cost effective RC-diamond drilling combination has been designed to upgrade existing inferred resources to the indicated category, with the potential for an additional 5.4Mt to be converted to reserve status. Given that the distribution of the mineralisation is reasonably homogenous and that the inferred resources were included in the pit design study, it is anticipated that Gippsland will be able to increase the Abu Dabbab reserves to in excess of 20Mt. This will provide a further boost for project financiers with increased confidence in the project.

Drilling commenced on the 15 October and is expected to be completed during November. The holes will be drilled by RC to the limit of the drilling rig which is approximately 180m, and will then be finished with diamond tails to the programmed depth.

Table 1: Summary of proposed Abu Dabbab drill holes

Hole	RL	E-local	N-local	E-WGS	N-WGS	Az	Dip	Depth	RC	Diam
Prop01	411	1020	1358	655429	2804133	188	-75	240	180	60
Prop01b	411	1020	1358	655429	2804133	188	-65	250	180	70
Prop01c	411	1020	1358	655429	2804133	188	-60	250	180	70
Prop02	426	835	1197	655277	2803954	30	-75	270	180	90
Prop02b	426	835	1197	655277	2803954	20	-55	300	180	120
Prop03	401	1067	1266	655340	2804177	200	-75	250	180	70
Prop03b	401	1067	1266	655340	2804177	200	-60	250	180	70
Prop04	355	970	1079	655162	2804082	65	-65	180	180	0
Prop04b	355	970	1079	655162	2804082	30	-60	200	180	20
Totals (m)								2190	1620	570

A plan of the proposed holes is presented as figure 4 on which the RC part of the hole is shown in green and the diamond tail in red.

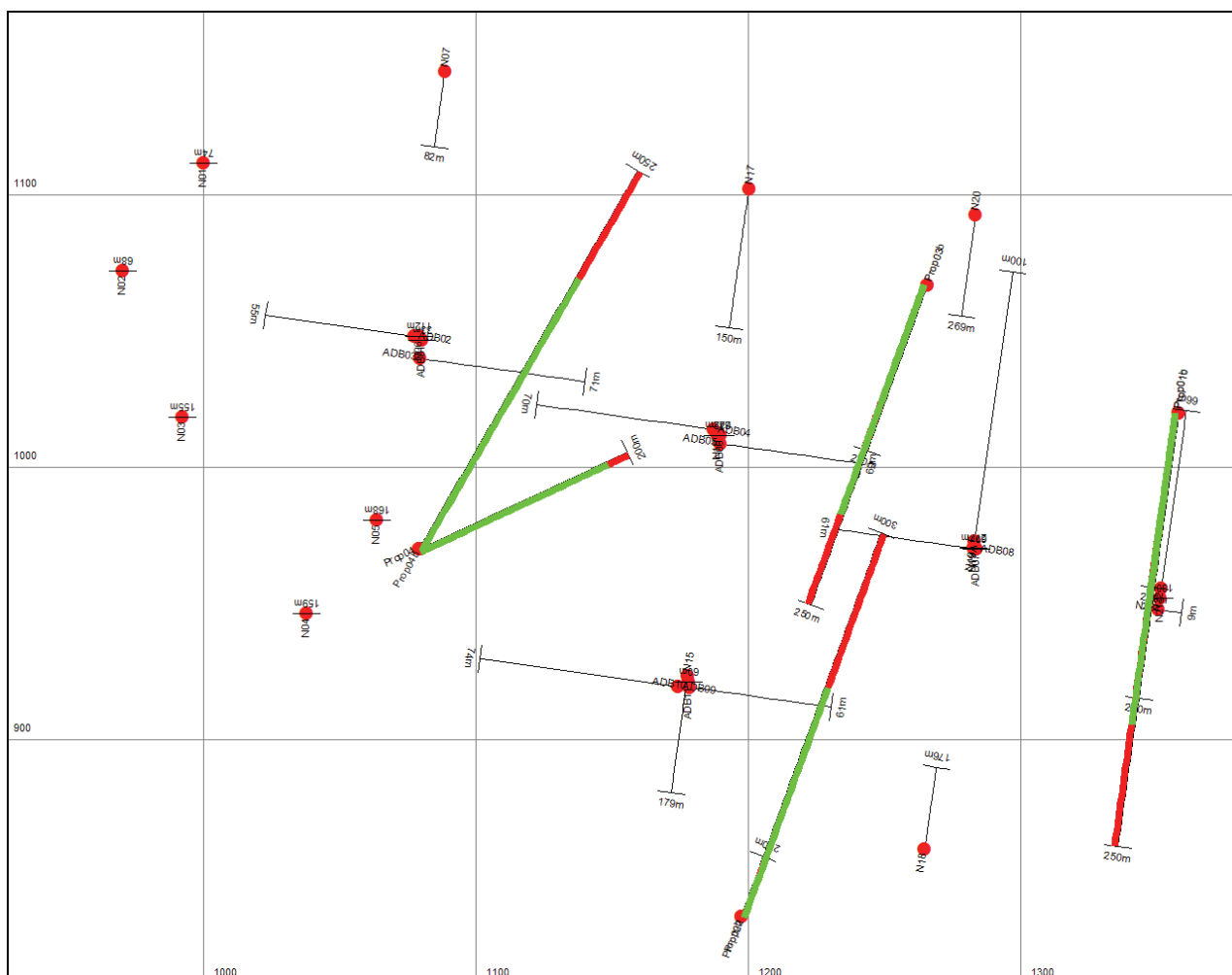

Figure 2: Abu Dabbab existing and proposed holes



Figure 3: Abu Dabbab RC/Diamond drilling

Mine Survey Grid

Gippsland has purchased Quickbird pan-chromatic and multi-spectral satellite imagery over the immediate mine lease area to provide ground control for the mine survey grid. Twenty-three points were identified from the Quickbird image and located on the ground where surveyors will establish permanent survey control points.

Ikonos satellite imagery has been ordered to cover a 125km² belt from the Abu Dabbab mine license to the Red Sea coast. The Ikonos satellite will be specifically manoeuvred to the location as dual scanners have to be used to obtain the stereo data necessary for the generation of the 3D contours. Topographic contours to an accuracy of 2m can be generated from the stereoscopically acquired data. This will be able to be used for the mine and plant construction.

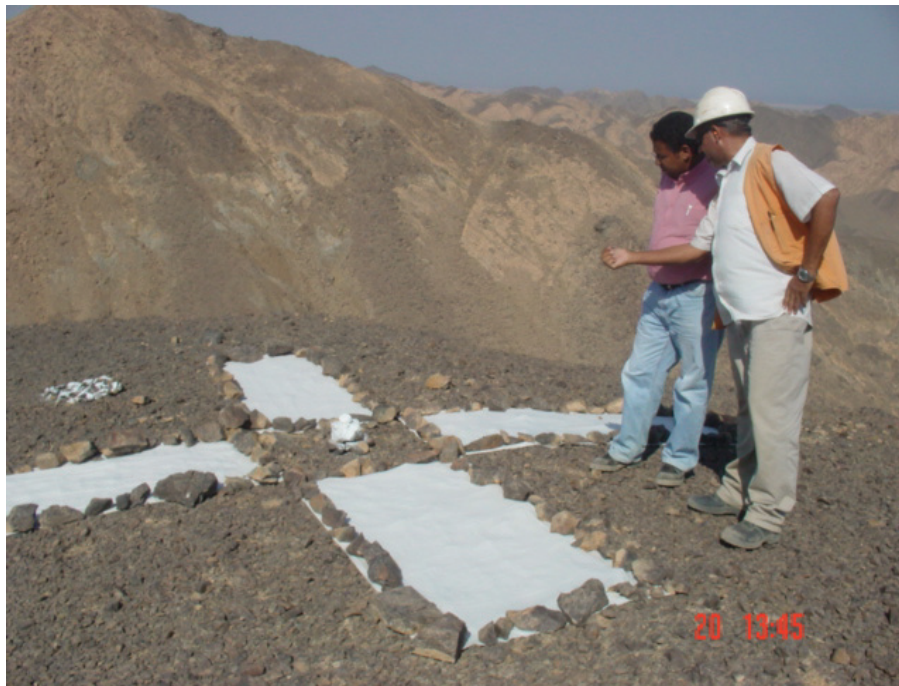


Figure 4: Satellite survey reference points

WADI ALLAQI

Access and Site Preparation

During the quarter drilling operations were largely restricted due to the failure of a drill rig compressor. Gippsland used the down time to continue work on road construction to the Seiga and Shashoba prospects via Wadi Haimur. The completed road significantly reduces the time taken to get from the sealed road at Wadi Haimur to Seiga from 5-6 hours to 1.5 hours. The new road is also suitable for the transportation of heavy exploration vehicles and equipment.

Drill pads have also been prepared at Seiga and Shashoba in readiness for the next drilling campaign.

Seiga - Regional Exploration

Regional geological mapping in the Seiga and Shashoba regions has located extensions to the shear zones that host the Seiga and Shashoba gold mineralisation. Field work during the quarter also located previously unknown gold occurrences.

Abu Swayel - Copper, Nickel

During the quarter a programme of thirteen holes totalling 776m of RC drilling was completed at the Abu Swayel copper-nickel prospect. The drilling targeted a transient electromagnetic (TEM) conductor which was delineated by a TEM survey completed during August. The relatively low amplitude conductor was modelled as having a westerly dip, which was contrary to the easterly dip of the mineralisation in the ancient workings located 100m to the southeast. Thick wadi sands and conglomeratic sands made collaring the holes very difficult, thus requiring excavations to sufficient depths where more consolidated sediments were encountered. Two holes were drilled through the projected position of the conductor with only minor sulphides (2-3% pyrite) noted in the drill chips.

Table 2: Abu Swayel drill hole locations

Hole	E-WGS84	N-WGS84	Depth (m)	Azimuth	Dip
ASRC001	565653.000	2519068.000	60.00	220.0	-60.0
ASRC002	565604.000	2519135.000	74.00	220.0	-60.0
ASRC003	565408.000	2519182.000	84.00	40.0	-60.0
ASRC004	565548.000	2519130.000	54.00	220.0	-60.0
ASRC005	565578.000	2519111.000	51.00	220.0	-60.0
ASRC006	565511.000	2519148.000	51.00	220.0	-60.0
ASRC007	565530.000	2519171.000	60.00	220.0	-60.0
ASRC008	565575.000	2519168.000	72.00	220.0	-60.0
ASRC009	565525.000	2519122.000	57.00	200.0	-60.0
ASRC010	565488.000	2519153.000	81.00	0.0	-60.0
ASRC011	565487.000	2519159.000	45.00	220.0	-60.0
ASRC012	565475.000	2519147.000	36.00	220.0	-60.0
ASRC013	565608.000	2519064.000	51.00	200.0	-60.0

More encouraging results were obtained from the drilling closer to and beneath the ancient workings. Four metres of massive sulphide containing visible chalcopyrite (copper sulphide) were intersected in hole ASRC004. Ten metres of copper mineralisation comprising oxide and sulphide minerals was intersected beneath the old workings in hole AS009. Copper mineralisation was also intersected in holes ASRC011 and 013.

The samples are currently being assayed by Genalysis Laboratory in Perth.

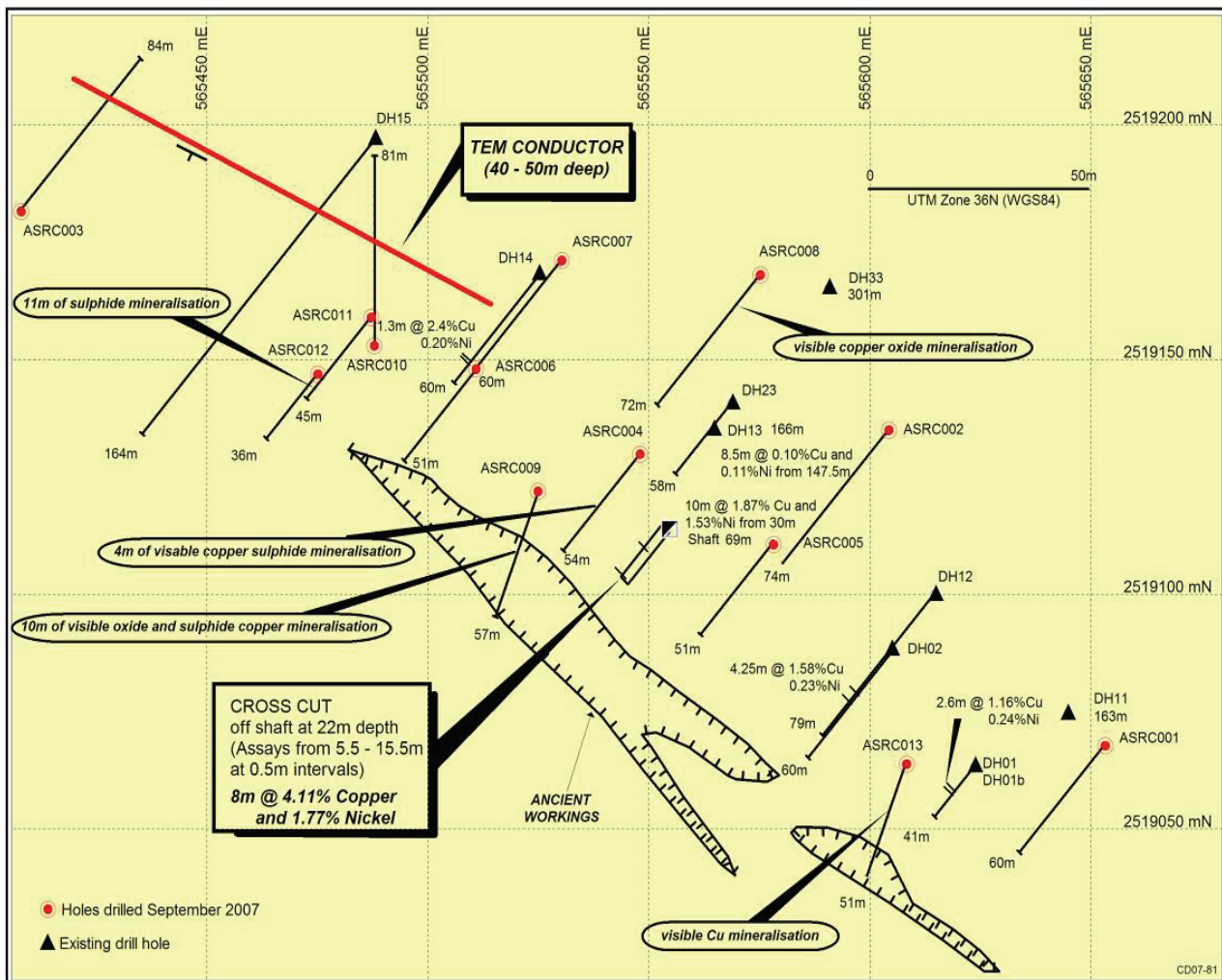


Figure 6: RC drilling operations at Abu Swayel

SHARE TRADING ON UK PLUS MARKETS

On 4 September 2007, Gippsland shares commenced trading on the United Kingdom Plus Markets, trading under the symbol "GIP". Plus Markets is an independent London-based equity market service, provided by Plus Markets Group PLC, which was recently approved as a Recognised Investment Exchange.

Plus Markets is based on a quote-driven trading system and currently trades more than 1,000 small and mid-cap company shares, representing a combined market capitalisation of approximately UK £200 billion (A\$490 billion).

The Directors considered that trading on Plus Markets would benefit all Gippsland shareholders, through enhancing investor choice, improving liquidity and providing greater access to the investment market. Gippsland's projects and markets are well understood by European investors, and the admission to Plus Markets provides another avenue for these investors to share in the Company's development.

Gippsland ordinary shares will continue to be quoted and traded on the Australian Stock Exchange and the London Stock Exchange AIM under the symbol "GIP".

ELECTRONIC ANNUAL REPORTS

During the quarter shareholders were provided with the option of receiving either electronic or hard copies of the Company's Annual Reports. As a result of the survey the vast majority of shareholders elected to receive electronic copies of this document. This will have a most favourable effect on the cost of printing and mailing the Annual Reports which are posted on the Company's website.

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About Gippsland Limited

Gippsland Limited is an Australian-based international resource company. It is listed on the Australian Stock Exchange (ASX) and the London Stock Exchange's Alternative Investment Market (AIM).

The Company's prime assets are tantalum-tin projects in the Central Eastern Desert of Egypt adjacent to the western shore of the Red Sea. These projects include the 40 million tonne Abu Dabbab and the 98 million tonne Nuweibi.

Gippsland focuses on world-scale projects which have undergone detailed exploration and which have the potential to be brought into production quickly. Gippsland's success in this area is due in part to the Company's philosophy of entering into equitable joint ventures.

About Tantalum

Tantalum is a refractory metal that is resistant to chemical attack, with a high melting point, ductility and malleability. Because of the metal's resistance to corrosion it is used in chemical plant and equipment. Its high melting point 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 also used for cutting tools.

The global tantalum Ta₂O₅ 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.

For further information visit: www.gippslandltd.com