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GIPPSLAND LIMITED
ABN 31 004 766 376

SECOND QUARTER ACTIVITIES REPORT

Period: October - December 2007

HIGHLIGHTS

- **ABU DABBAB**
  - 10 year tantalum sale contract concluded with German major HC Starck GmbH for 600,000 pounds tantalum pentoxide per year
  - Project tantalum & tin sales over initial 10-year period in excess of US$530 million
  - Resource to Reserve upgrade drilling nearing completion
- **WADI ALLAQI EXPLORATION – COPPER-NICKEL**
  - Drill intersected copper and nickel mineralisation; significantly including
    - 5m at 5.25% Cu & 1.42% Ni in ASRC004
    - 16m at 2.25% Cu & 0.64% Ni in ASRC009
- **CORPORATE**
  - Fox-Davies Capital (London) appointed as Co-Broker
  - Seymour Pierce Ltd (London) appointed as Nominated Advisor and Co-Broker
  - Gippsland commences trading on Frankfurt stock exchange (Deutsche Börse)
  - Exercise of all listed Options held by Directors

ABU DABBAB

Ten year tantalum offtake agreement

During the quarter the company announced that its 50% owned subsidiary Tantalum Egypt JSC had secured a 10 year contract ("Offtake Agreement") with the German major HC Starck GmbH ("HC Starck") for the supply of six million pounds of tantalum pentoxide ("Ta_2O_5") from its 40 million tonne Abu Dabbab project in Egypt.

The milestone Offtake Agreement covers the delivery of a minimum of 600,000 pounds of Ta_2O_5 per annum – almost the entire expected initial annual production of 650,000 pounds of Ta_2O_5 from the project. As is traditional for the tantalum industry, the Ta_2O_5 Offtake Agreement prices are confidential, however based upon present Ta_2O_5 spot prices the Abu Dabbab project is expected to generate Ta_2O_5 revenue in excess of US$280 million over the initial 10-year period of operations.

In addition to Ta2O5, the Abu Dabbab project is scheduled to produce approximately 1,530 tonnes of tin metal per annum which will be sold on the open market or via the London Metal Exchange. Based upon the present LME tin price the Abu Dabbab project is expected to generate tin revenue in excess of US$250 million over the initial 10 years of its estimated 20 year mine life.

The Directors have ensured that the Offtake Agreement forms a solid foundation from which the Abu Dabbab project can diversify and expand significantly creating a focal point for world Ta_2O_5 production.

Importantly, the Ta_2O_5 Offtake Agreement contains price escalation clauses which largely protect Gippsland shareholders from production cost escalations, significantly reducing market risk. Additionally, the Abu Dabbab tantalum and tin extraction process is based upon industry-standard gravity separation techniques which affords considerable protection against technical risk.

The Offtake Agreement signed on 12 November 2007 replaces the smaller Ta_2O_5 offtake agreement between Gippsland and HC Starck referred to in the Company's announcement dated 13 January 2005 for the supply of 480,000 pounds of Ta_2O_5 per annum for a period of 5 years.

The Offtake Agreement is subject to a number of standard conditions precedent, including the placement of orders for SAG (Semi Autogenous Grinding) and Ball Mills by 30 April 2008, Execution of an Engineering, Procurement, Construction Management and Commissioning Services (EPCM) contract by 31 July 2008 and commencement of site works construction by 31 January 2009.

Project Finance

Discussions with German and English project finance banks have been ongoing during the negotiation of this expanded Offtake Agreement. Detailed negotiations are in progress with a major German bank over the terms and conditions for securing the senior debt portion of the project finance facility.

The Company is well placed to finalise project finance arrangements early in 2008. The capital cost for the project, including financing during construction is presently estimated to be US$125 million which is expected to be funded on an attractive 80% debt and 20% equity basis.

Feasibility Study Up-date

An addendum to the Feasibility Study Update was received during October 2007 documenting additional work that had been conducted since publishing the previous document in April 2007. The items reported in this Addendum include:

- Relocation of the process plant site to the vicinity of the mine to reduce ore haulage costs.
- Capital and operating cost changes pertaining to the items above.

The overall Capex of the project is presently being reviewed and is expected to be available during February 2008.

Site Access

A dirt access road to the north side of the deposit was extended around the deposit utilising in part an existing but unusable track from the Soviet exploration period. The Soviet track was cleared, refurbished and continued around to the adits on the south side of the deposit where it joins up with the original dirt access road. All dirt roads were graded to facilitate the supply of plant and equipment.

Resource - Reserve Up-grade Drilling

A programme of eight reverse circulation (RC) drill holes totalling 1,438m was completed during October and November as part of an in-fill drilling programme to increase the drilling density of the more widely spaced Soviet drill holes. This will allow the inferred resources to be upgraded to the higher indicated category and hence be converted to a reserve category under the JORC Code.

The coordinates of the completed holes are listed in Table 1.

Table 1 Collar coordinates of completed RC holes

Hole	RL	North (Local)	East (Local)	E-UTM	N-UTM	Az	Dip	Depth
ADRC001	410.8	1018.834	1360.258	655431	2804132	188	-75	180
ADRC002	410.8	1015.703	1360.222	655431	2804129	188	-65	180
ADRC003	400.5	1072.081	1269.023	655343	2804182	200	-75	180
ADRC004	400.5	1069.993	1268.999	655343	2804180	200	-60	180
ADRC005	354.6	965.805	1072.605	655156	2804078	65	-65	178
ADRC006	354.6	969.907	1078.915	655162	2804082	30	-60	180
ADRC007	426.1	825.61	1191.014	655271	2803945	30	-75	180
ADRC008	426.1	825.61	1191.014	655271	2803945	23	-60	180
					Total			1438

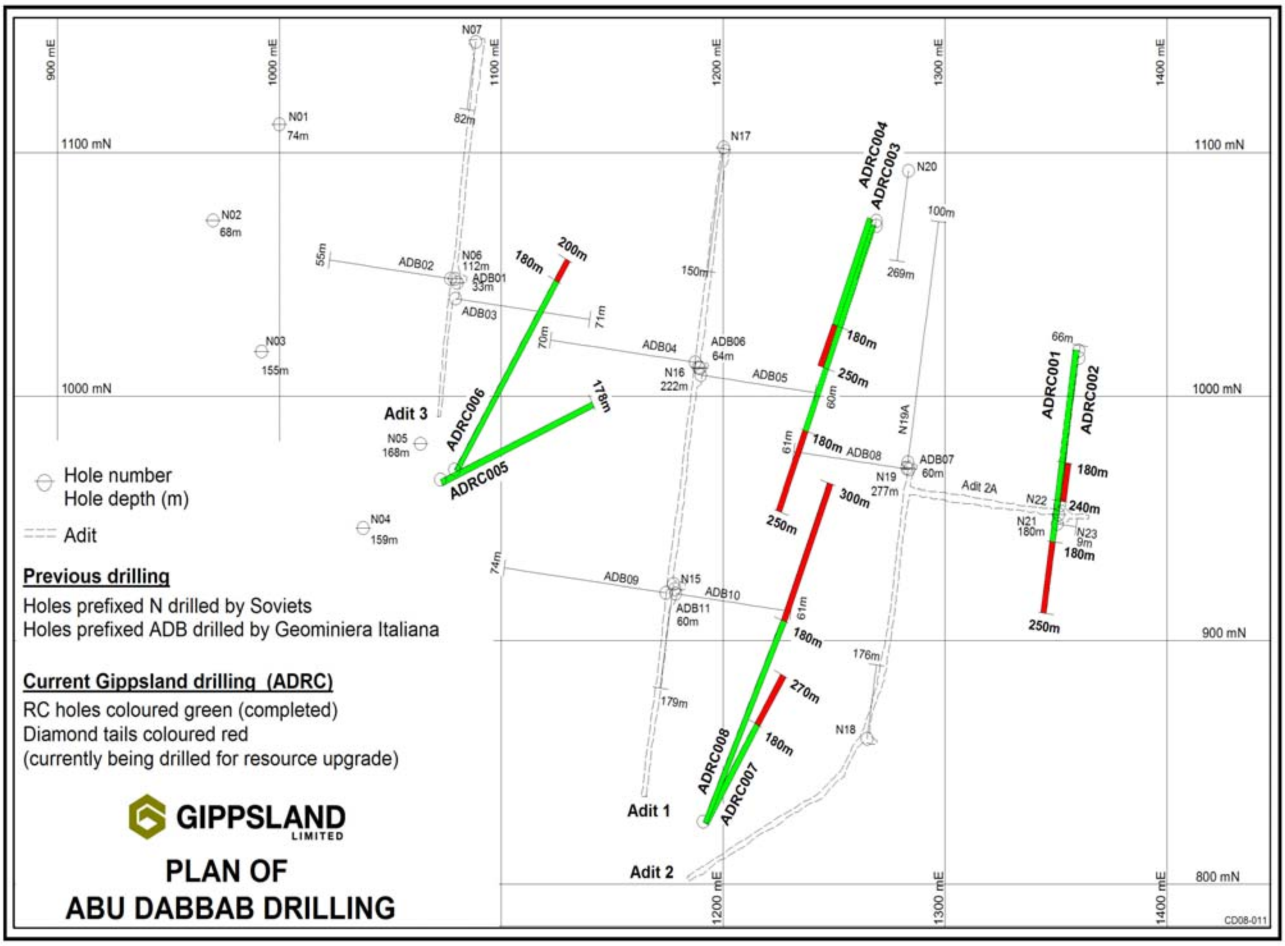
The RC drill holes will be extended by diamond drilling to depths below the previous planned pit shell allowing a bigger pit to be designed resulting in a larger reserve component. The diamond drilling programme comprises seven holes varying in length from 20m to 120m.

The diamond holes to be drilled are listed in table 2.

Table 2 Details of proposed diamond holes

Hole	RL	North (Local)	East (Local)	E-UTM	N-UTM	Az	Dip	Length (m)	Final depth (m)
ADDH001	410.8	1018.834	1360.258	655431	2804132	188	-75	60	240
ADDH002	410.8	1015.703	1360.222	655431	2804129	188	-65	70	250
ADDH003	400.5	1072.081	1269.023	655343	2804182	200	-75	70	250
ADDH004	400.5	1069.993	1268.999	655343	2804180	200	-60	70	250
ADDH006	354.6	969.907	1078.915	655162	2804082	30	-60	20	200
ADDH007	426.1	825.61	1191.014	655271	2803945	30	-75	90	270
ADDH008	426.1	825.61	1191.014	655271	2803945	20	-60	120	300
					Total			500	1760

Abu Dabbab Resource Upgrade Drilling



Satellite Survey

The 3D satellite cover for the entire area from Abu Dabbab to the Red Sea Coast was acquired in late December 2007 by the Middle East ground station with first pass images available in early February 2008.

Ikonos satellite imagery has been ordered to cover a 125km^2 belt from the Abu Dabbab mine leases 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 which will be used for the mine and plant construction.

WADI ALLAQI

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 tested ancient workings and a transient electromagnetic (TEM) conductor which was delineated by a TEM survey completed during August.

The most significant results (Table 1) were obtained from holes ASRC004, 6 and 9 which were drilled below the ancient workings. Hole ASRC0011 which was drilled along strike from the ancient workings intersected 18m at 0.96% Cu and 0.57% Ni including 4m at 2.73% Cu and 1.33% Ni.

Table 3 Abu Swayel RC drilling - best results

Hole	From (m)	To (m)	Interval (m)	Cu (%)	Ni (%)
ASRC004	24	42	18	1.55	0.54
including	37	42	5	5.25	1.42
ASRC005	35	40	5	0.68	0.23
ASRC006	40	48	8	0.99	0.32
ASRC008	52	56	4	0.76	0.27
ASRC009	20	36	16	2.25	0.64
including	21	28	7	4.41	1.17
ASRC011	24	42	18	0.96	0.57
including	31	35	4	2.73	1.33
including	39	42	3	1.16	0.94
ASRC012	11	36	25	low	0.16
ASRC013	8	20	12	0.24	0.19

The results are consistent with some earlier sampling from a shaft and crosscut and some diamond drilling completed during the early 1960s. These results included 10m at 1.87% Cu and 1.53% Ni in a shaft and 8m at 4.11% Cu and 1.77% Ni from a crosscut off the shaft at the 22m level.

The two holes drilled to test the TEM conductor contained minor sulphides (pyrite) in the drill cuttings and returned anomalous results (Table 2) but did not adequately explain the conductor.

Table 4 Abu Swayel - anomalous results from TEM conductor

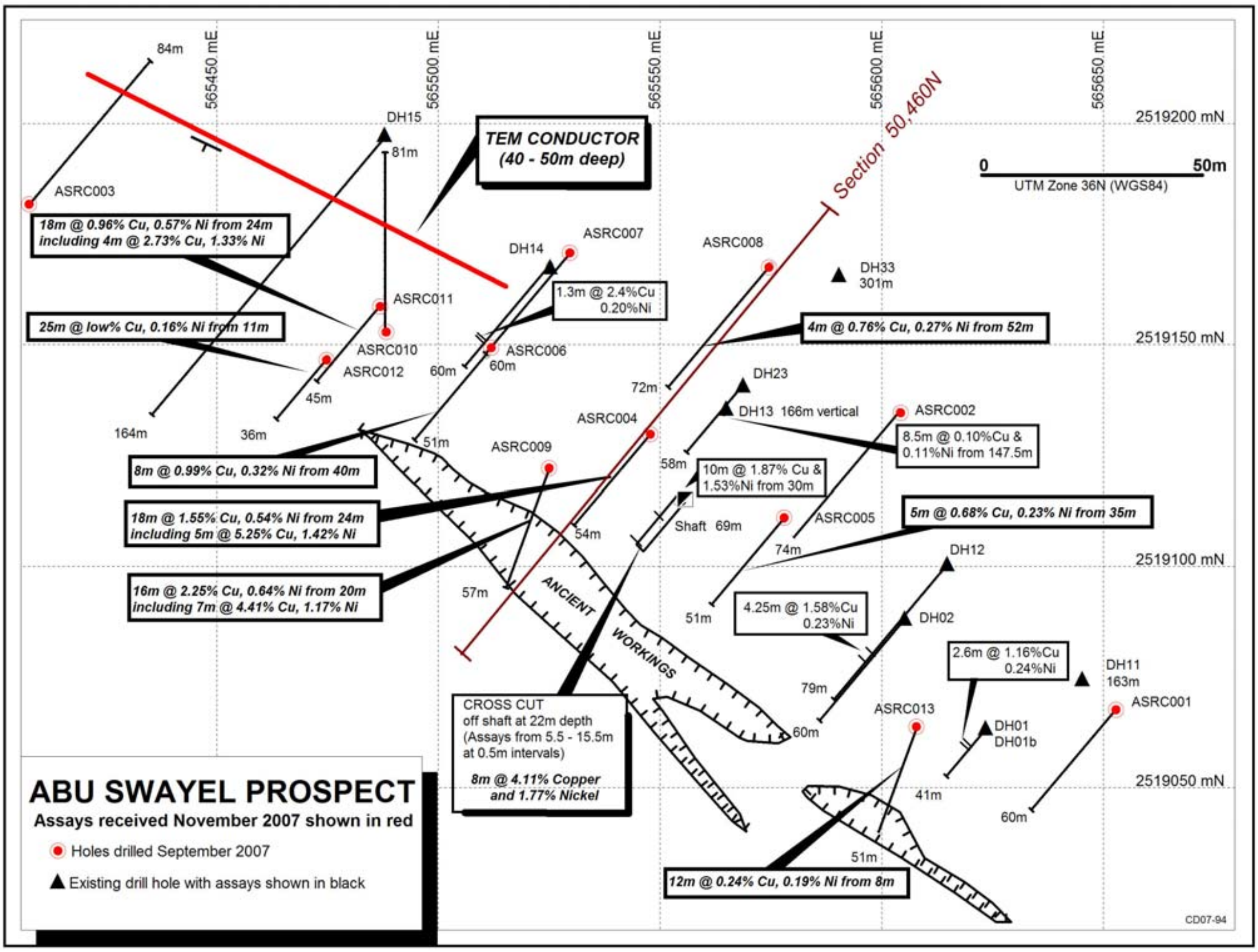
Hole	From (m)	To (m)	Interval (m)	Cu (ppm)	Ni (ppm)
ASRC003	56	60	4	926	311
ASRC010	24	72	48	215	528
including	74	72	8	446	1387

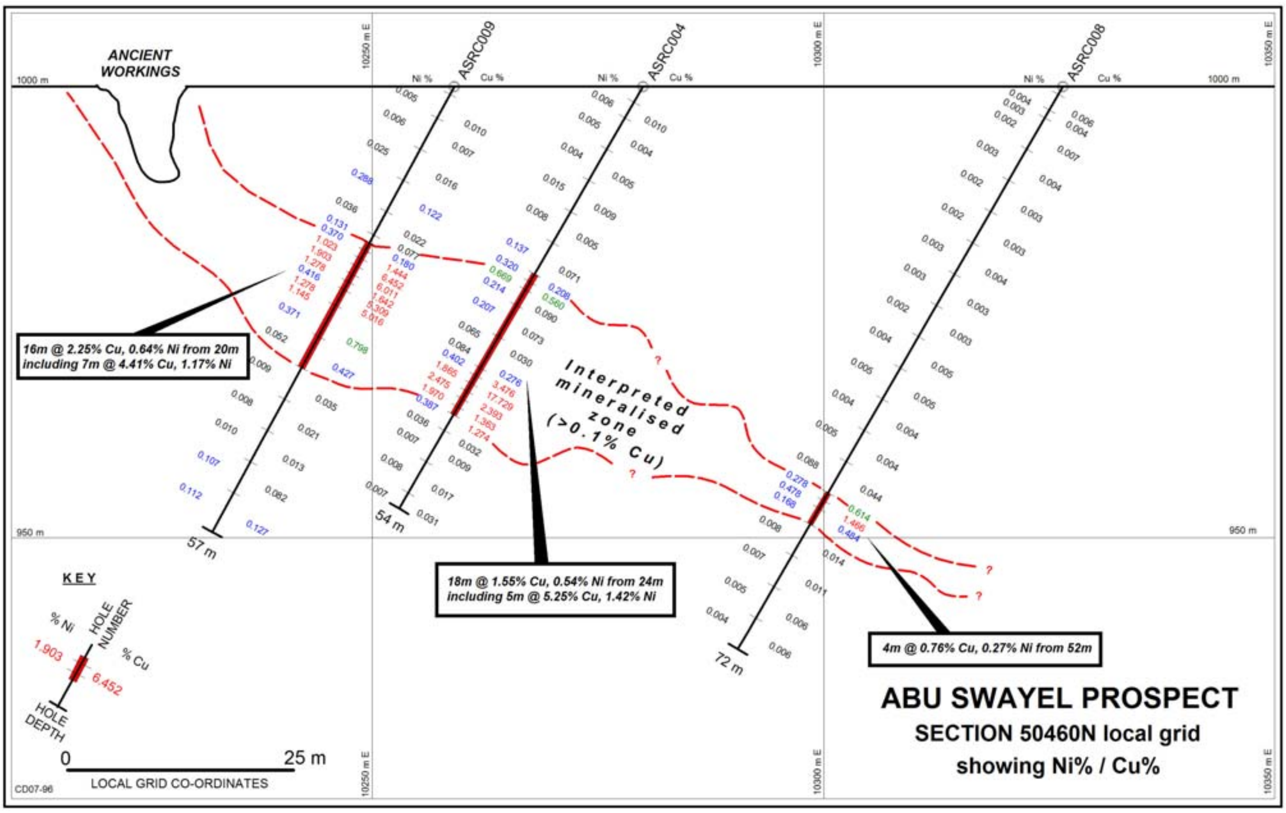
Two drill holes (ASRC011 & 012) drilled close to the TEM conductor intersected mineralisation down plunge from the ancient workings and confirmed the easterly dip of the mineralisation in the ancient workings located to the southeast. The easterly dip is contrary to the interpreted dip of the relatively low amplitude conductor which was modelled as having a westerly dip.

Table 5 Abu Swayel drill hole locations

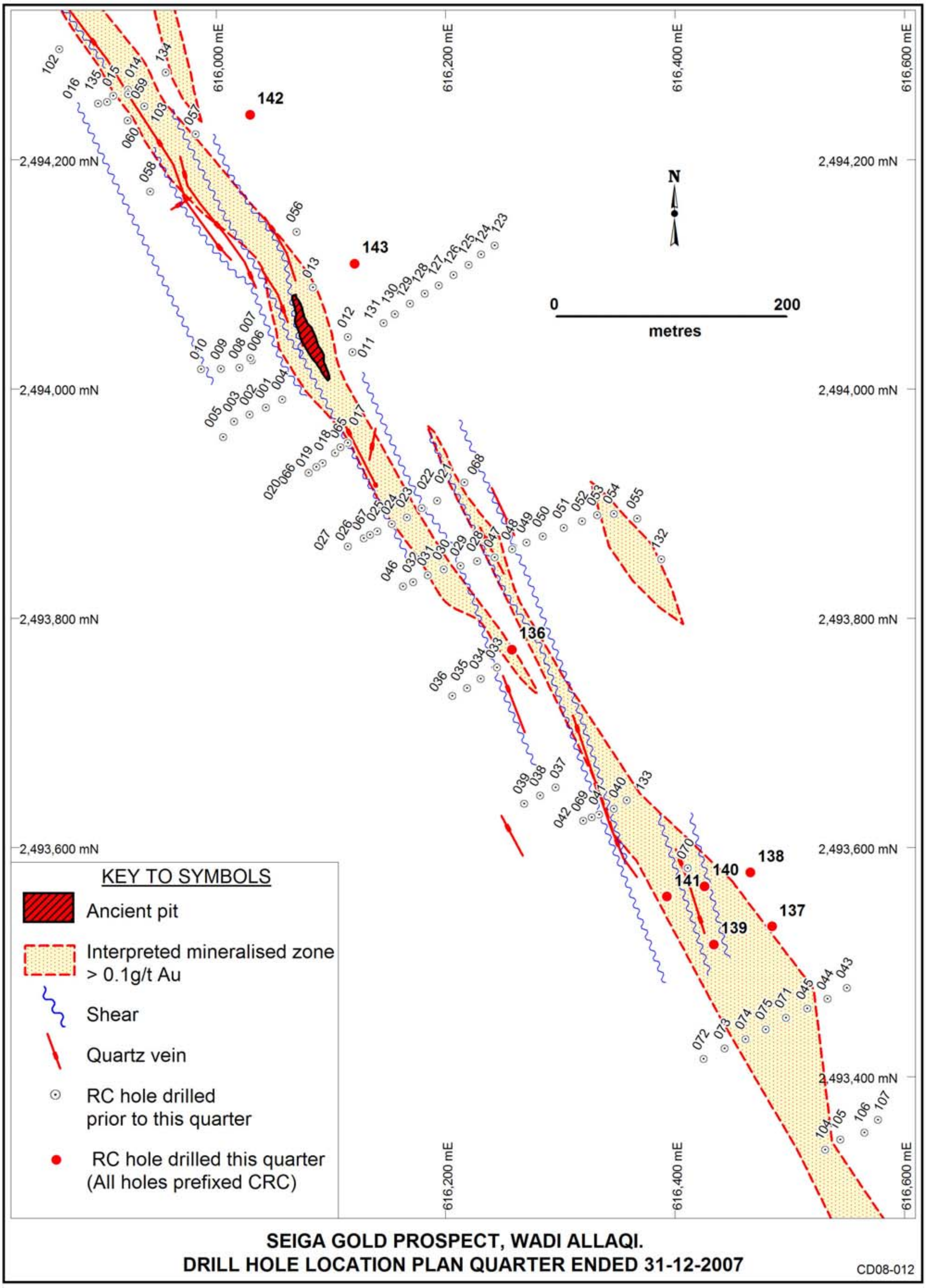
Hole	E-WGS84	N-WGS84	Depth (m)	Azimuth (mag)	Dip
ASRC001	565653.000	2519068.000	60.00	220.0	-60.0
ASRC002	565604.000	2519135.000	74.00	220.0	-60.0
ASRC003	565408.000	2519182.000	84.00	040.0	-60.0
ASRC004	565548.000	2519130.000	54.00	220.0	-60.0
ASRC005	565578.000	2519111.000	51.00	220.0	-60.0
ASRC006	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	360.0	-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

The results are most encouraging and a programme of geological mapping, rock-chip sampling and ground magnetics will be completed to search for along-strike repetitions of the Abu Swayel Cu-Ni mineralisation.


ABU SWAYEL PROSPECT
Assays received November 2007 shown in red
Holes drilled September 2007
Existing drill hole with assays shown in black
565450 mE
565500 mE
565550 mE
565600 mE
565650 mE
2519200 mN
2519150 mN
2519100 mN
2519050 mN
0 50m
UTM Zone 36N (WGS84)
Section 50,460N
TEM CONDUCTOR (40 - 50m deep)
18m @ 0.96% Cu, 0.57% Ni from 24m including 4m @ 2.73% Cu, 1.33% Ni
25m @ low% Cu, 0.16% Ni from 11m
1.3m @ 2.4%Cu 0.20%Ni
4m @ 0.76% Cu, 0.27% Ni from 52m
8m @ 0.99% Cu, 0.32% Ni from 40m
18m @ 1.55% Cu, 0.54% Ni from 24m including 5m @ 5.25% Cu, 1.42% Ni
16m @ 2.25% Cu, 0.64% Ni from 20m including 7m @ 4.41% Cu, 1.17% Ni
8.5m @ 0.10%Cu & 0.11%Ni from 147.5m
10m @ 1.87% Cu & 1.53%Ni from 30m
5m @ 0.68% Cu, 0.23% Ni from 35m
4.25m @ 1.58%Cu 0.23%Ni
2.6m @ 1.16%Cu 0.24%Ni
CROSS CUT off shaft at 22m depth (Assays from 5.5 - 15.5m at 0.5m intervals)
8m @ 4.11% Copper and 1.77% Nickel
12m @ 0.24% Cu, 0.19% Ni from 8m
ANCIENT WORKINGS
ASRC001
ASRC002
ASRC003
ASRC004
ASRC005
ASRC006
ASRC007
ASRC008
ASRC009
ASRC010
ASRC011
ASRC012
ASRC013
DH01
DH01b
DH02
DH11 163m
DH12
DH13 166m vertical
DH14
DH15
DH23
DH33 301m
Shaft 69m
CD07-94


ANCIENT WORKINGS
ASRC009
ASRC004
ASRC008
Ni %
Cu %
1000 m
950 m
10250 m E
10300 m E
10350 m E
57 m
54 m
72 m
Interpreted mineralised zone (>0.1% Cu)
16m @ 2.25% Cu, 0.64% Ni from 20m including 7m @ 4.41% Cu, 1.17% Ni
18m @ 1.55% Cu, 0.54% Ni from 24m including 5m @ 5.25% Cu, 1.42% Ni
4m @ 0.76% Cu, 0.27% Ni from 52m
KEY
% Ni
HOLE NUMBER
% Cu
1.903
6.452
HOLE DEPTH
0 25 m
LOCAL GRID CO-ORDINATES
ABU SWAYEL PROSPECT
SECTION 50460N local grid
showing Ni% / Cu%
CD07-96

Seiga Prospect



At the Seiga prospect a total of eight RC holes (CRC136 – 143) totalling 495m were completed. A short diamond tail was drilled on the end of CRC143. Six of the holes tested rock-chip geochemical anomalies. One hole was abandoned at 12m due to drill rig mechanical problems, with the last hole testing the depth extension of the main zone of mineralisation.

Six holes testing the rock-chip geochemical anomalies intersected zones of mineralisation with the best result in hole CRC138 which intersected 32m at 2.18g/t Au from 20m depth including 8m at 5.35g/t Au.

Hole CRC143 was drilled to test the depth potential of the main zone of mineralisation where previous work has defined a resource of 93,000oz. A pre-collar was RC drilled to 120m depth where the drilling method was changed to diamond to a programmed depth of 150m. The hole was terminated at 169m short of the target mineralised zone due to mechanical problems with the drilling rig.

CORPORATE

Appointment of London-based Co-Brokers

During the quarter Gippsland appointed Fox-Davies Capital Ltd and Seymour Pierce Ltd as Co-Brokers to the Company.

Working independently, these broking houses will provide the Company with sound emerging market expertise, a research-driven platform and a high profile amongst institutional investors. The appointment of Fox-Davies and Seymour Pierce will expand the Company's presence in the United Kingdom, Continental Europe and North America to the maximum benefit of Gippsland shareholders.

The Directors see that these appointments are a logical progression in the Company's evolution, as it continues to progress its 40 million tonne Abu Dabbab tantalum project towards production as the Company becomes a critical link in the global tantalum supply chain.

Frankfurt stock exchange (Deutsche Börse)

Gippsland continued its expansion into European capital markets, with the Company's shares now trading on a regular basis on the Frankfurt Stock Exchange (Deutsche-Börse) under the code "GIP".

Gippsland's move onto the major German securities exchange follows the Company's recent success in securing a 10-year tantalum offtake agreement with the German major HC Starck GmbH, which considerably increased German investor interest in the Company. A EURO based trading platform in Frankfurt will provide better exposure and involvement with the wider European investor base.

The Company will hold a number of investment seminars in Frankfurt and other German financial centres during the first half of 2008. German investor participation will be assisted by a German language website presently being prepared by the Company.

Exercise of listed Options

During the quarter Gippsland completed the issue and allotment of 33,674,180 shares pursuant to the conversion of listed options having an exercise price of A$0.09 which expired on 31 December 2007.

All of the Gippsland Directors holding listed options exercised 100% of their entitlements prior to or on 31 December 2007 as follows:

RJ Telford	6,558,322
JM Chisholm	2,260,000
JD Kenny	2,250,000

The Directors were pleased to note that 77% of the outstanding listed options were converted raising approximately A$3 million (approximately UK£1.35 million or €1.81 million) for the company.

RJ (Jack) Telford
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Note:
In accordance with Listing Rule 5.6 of the Australian Stock Exchange Limited and Part 2 of the AIM Guidance Notes for Mining, Oil and Gas Companies, the geological information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on data compiled by Dr John Chisholm, a Fellow of The Australasian Institute of Mining and Metallurgy. Dr Chisholm who is an Executive Director of Gippsland Limited with over 25 years experience in the mineral industry including the evaluation of exploration data, mineral resources and ore reserves, has consented to the issue of the information in this report in the form and context in which it appears.