

9 April 2008

THIRD QUARTER ACTIVITIES REPORT

Period: January - March 2008

HIGHLIGHTS

❖ ABU DABBAB

- Reconfirmation of 40 million tonne total Resource estimate
- Measured and Indicated Resource categories now total 25 million tonnes
- Resource to Reserve upgrade drilling nearing completion
- Completion of satellite topographic survey
- Use of raw sea water provides significant CAPEX and OPEX benefits
- Potential substantial revenue rise due to increase in tin price
- Bank due diligence for project finance expected to be completed by June 2008

❖ WADI ALLAQI

- Consideration of admission of Nubian Resources PLC to LSE-AIM

❖ ZEEHAN TIN PROJECT

- Stellar acquires 60% JV Interest in Zeehan Tin Project

❖ CORPORATE

- Option Exercise
 - Exercise of all listed Options held by Directors
 - Issue of Broker Options
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ABU DABBAB - EGYPT

During the quarter Gippsland Limited ("Gippsland" or "the Company") [ASX/AIM: GIP, DB: GIX] continued the development programme for the Company's 40 million tonne Abu Dabbab tantalum-tin project ("Project") which is expected to become a major supplier to the global tantalum industry.

RESOURCE UPGRADE

The Directors determined that a relatively small and low cost drilling programme had the potential to upgrade a significant portion of the Abu Dabbab Inferred Resources to the higher Indicated category. In turn, when resources are remodelled to include the new information, it is anticipated that the total Ore Reserves will expand beyond the 14.6 million tonnes estimated in the feasibility study.

Consequently, in late 2007, the Company commenced a programme of eight drill holes having a combined length of 2,000 metres to increase the drilling density of the drill holes completed during the early 1970s.

The Resource estimate prior to the commencement of the drilling programme is shown in Table 1.

Table 1: Abu Dabbab Resources pre-2008 drilling (100g/t Ta₂O₅ cut-off)

Resources	Million Tonnes*	Ta ₂ O ₅ grade	Sn grade
Measured	12.0	274g/t	0.130%
Indicated	2.1	260g/t	0.16%
Inferred	26	240g/t	0.06%
Total	39.9	252g/t	0.09%

* Numbers in table may not add correctly due to rounding.

The results to date are most encouraging, despite delays due to a drill rig failure and the long turnaround of laboratory assay results. The receipt of assay results for the first 1,438m metres of the drilling programme has enabled the resource categories to be re-estimated as summarised in Table 2.

Table 2: Abu Dabbab Resources update March 2008 (100g/t Ta₂O₅ cut-off)

Category	Million Tonnes	Ta ₂ O ₅ grade	Sn grade
Measured	12.0	261g/t	0.136%
Indicated	13	248g/t	0.066%
Inferred	15	225g/t	0.063%
Total	40	243g/t	0.09%

The Abu Dabbab resource total remains at 40 million tonnes of which 25 million tonnes is now in the Measured and Indicated categories. The resources will again be up-dated when the results of the remaining 560 metres of diamond drilling are available. These results are anticipated during May 2008.

RESOURCE ESTIMATION METHODOLOGY

Slightly different methodology was used to update the Abu Dabbab resources in comparison with the previous estimate. In this case, resources were estimated using the ore block modelling method within a wireframe representing the mineralised body. Grades were estimated using an inverse distance squared interpolation. The database included 2,162 assays derived from 36 drill holes totalling 4,549 metres and three adits totalling 719 metres. An upper cut of 800g/t was applied to the Ta₂O₅ assays and 0.55% for Sn values. Search distances of 75 metres for the long axis and 50 metres for the minor axes were used. The search ellipsoid was left flat as apart from a vertical variation, the deposit appears to have a uniform grade distribution. A global density of 2.6g/cm³ was applied.

RESERVE UPGRADE

The above drilling was not designed to increase the total resource but to increase the Indicated Resources and in turn enable remodelling to increase the present Proven and Probable Reserves which are now expected to significantly expand as a result of the drilling programme. The Directors believe that expansion of the Reserve base will further heighten investor and project financiers' confidence in the project.

SATELLITE TOPOGRAPHIC SURVEY

The 3D satellite data, which covers a 125km² belt from Abu Dabbab mine site through to the Red Sea Coast was acquired in late December 2007 by the Middle East ground station. This Ikonos satellite imagery has now been reviewed and processed.

This Ikonos satellite stereo data has enabled the generation of the 3D contours and topographic contours to an accuracy of approximately 1 metre which in conjunction with high resolution Quickbird imagery is ideally suited for the detailed engineering design of the open pit mine, plantsite and the tailings storage facility (TSF).

RAW SEAWATER PROCESS WATER

As a result of the on-going optimisation of the flowsheet, it was determined during the quarter that the majority of the process plant could be operated using raw seawater thus reducing the need to produce 6,000 cubic metres per day of potable water by way of a reverse osmosis (RO) plant. It has been calculated that the modified process route will consume less than 600 cubic metres per day of potable water which will be used in the final stages of the process.

The down-sizing of the RO plant will provide significant CAPEX and OPEX benefits for the Project.

TIN PRICE

The Abu Dabbab project is expected to produce approximately 1,530 tonnes per year of LME grade tin which has increased in price from approximately US\$14,000 to US\$24,100 per tonne since April 2007. The Directors are encouraged to note that, based on the present tin price, the Project would generate an additional revenue of approximately US\$15 million per year over the likely mine life of 20 years.

FEASIBILITY STUDY UP-DATE

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.

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. Details of the project financials will be released following the completion of the Resource to Reserve conversion. Gippsland engineers will continue to use the intervening period to optimise the process flowsheet with the view to increase tantalum and tin recovery rates whilst containing CAPEX increases.

This on-going review process has already resulted in a number of significant benefits to the project, including the use of raw seawater for the majority of the process flowsheet and the relocation of the process plant both of which will have a significant positive effect on the Project's CAPEX and OPEX.

PROJECT FINANCE

During March 2008, Gippsland hosted representatives of the German banks KfW IPEX-Bank GmbH ("KfW") and DEG-Deutsche Investitions und Entwicklungsgesellschaft mbH ("DEG") in a due diligence trip to Egypt. KfW and DEG bankers, engineers and environmentalists visited the Abu Dabbab project area, plus the nearby 98 million tonne Nuweibi deposit and participated in various meetings with governmental and environmental bodies in Cairo. The KfW and DEG delegation was supported by a representative of the mining consultancy Coffey Mining Ltd ("Coffey") which has been appointed by KfW and DEG as independent engineer for the Project.

As a result of the due diligence work undertaken to date, the Directors believe that KfW, DEG and Coffey have a most positive attitude towards the Project. It is anticipated that the KfW and DEG due diligence process will be completed prior to 30 June 2008.

WADI ALLAQI - EGYPT

The Company holds the right to explore eight gold tenements and one copper-nickel tenement in Wadi Allaqi situated to the south-east of Aswan in Egypt where a first pass discovery has been made of an Indicated Resource of 1.5 million tonnes having a grade of 1.7g/t Au (93,000 oz Au).

The Wadi Allaqi exploration is being undertaken by Gippsland's 100% owned subsidiary Nubian Resources PLC. In view of the present buoyant state of the gold market, the Directors are considering the possible admission of Nubian Resources PLC to the London Stock Exchange AIM.

The rationale for the spin-off is that the Company considers that its Wadi Allaqi exploration assets are not being properly valued in Gippsland and that they can receive sharper focus and improved market recognition in a separate entity, with the additional benefit that this will enable Gippsland to devote more of its resources to the development and mining of its tantalum interests at Abu Dabbab and Nuweibi.

It is anticipated that additional gold exploration assets would be introduced in to Nubian Resources PLC if the admission was to proceed.

ZEEHAN TIN DEPOSIT - TASMANIA, AUSTRALIA

During the Quarter Gippsland announced that Stellar Resources Limited (ASX "SRZ") had signed an agreement with Western Metals Limited for the purchase of Western Metal's 60% interest in the Zeehan tin deposit located in western Tasmania. The balance of 40% is held by Gippsland Limited.

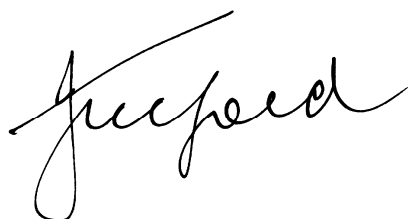
Under the terms of the Joint Venture Agreement, Stellar Resources has the right to increase its Zeehan ownership to 70% by (1) completing a banked feasibility study and (2) by arranging project finance for not less than one half of all costs to be met by Gippsland for the commercial development of the project.

There has been no drilling on the project over the last 25 years due mainly to low tin prices. However, the recent recovery in the tin price to record levels and the lack of exploration at depth provide the opportunity to confirm and expand the historical mineral resources. The Zeehan deposit includes an historical Indicated and Inferred Resource of 7.3 million tonnes at 0.69% Sn.

CORPORATE

During the quarter the exercise of 33,674,180 listed options having an exercise price of A\$0.09 was completed raising approximately A\$3 million (approximately UK£1.37 million). All 11,068,322 options held by Gippsland Directors were exercised.

During the Quarter 2 million unlisted options having an exercise price of 7 UK pence and an expiry date of 15 December 2011 were issued to the Company's London brokers Seymour Pierce Limited and Fox-Davies Capital Ltd.



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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.

ABOUT GIPPSLAND

Gippsland is an Australian based company listed on the ASX Ltd and the London Stock Exchange AIM under the code "GIP". The Company's shares also trade on the Frankfurt Deutsche Börse under the code "GIX".

The Company's prime assets are the 40 million tonne Abu Dabbab and the 98 million tonne Nuweibi tantalum-tin projects located in the Central Eastern Desert of Egypt, adjacent to the western shore of the Red Sea. The Company has completed an Environmental & Social Impact Assessment (ESIA) to World Bank standards and a definitive Bankable Feasibility Study (BFS).

The BFS has determined that the Abu Dabbab project will produce in excess of 650,000 pounds of tantalum pentoxide per year which will firmly establish the operation as the world's second largest tantalum producer, and with a low cost base.

Gippsland has entered into a 10-year off-take agreement with the German tantalum major HC Starck GmbH for 600,000 pounds of tantalum pentoxide per year representing >90% of annual tantalum production. The project will also produce 1,530 tonnes of tin metal per year which will be sold direct to industry and/or via the London Metal Exchange. Based on the BFS parameters, the project will generate gross revenue in excess of US\$630 million during the first 10 years of its

estimated 20 year mine life. These sales are from tantalum and tin only and exclude all potential feldspar sales revenues which have the potential to increase net revenue by US\$20 million per year.

Gippsland also has tenements in 8 separate gold areas within the Wadi Allaqi region in south-eastern Egypt, together with a copper-nickel deposit. Recent gold, copper and nickel exploration has yielded highly encouraging results.

Gippsland holds control of its Egyptian 50:50 joint ventures by way of a casting vote on the Board of Directors and appoints all senior JV management positions.

ABOUT KfW & DEG

[KfW IPEX-Bank GmbH](#) and [DEG -Deutsche Investitions und Entwicklungsgesellschaft mbH](#) are wholly-owned subsidiaries of [KfW Bankengruppe](#) which itself is owned 80% by the Federal Republic of Germany and 20% by the 16 German federal states ([Bundesländer](#)). KfW Bankengruppe is active in providing project finance world-wide, particularly in situations where the project provides a significant benefit to local peoples.

KfW Bankengruppe holds a long-term AAA Standard and Poor's ranking.