

31 May 2011

ABU DABBAB – SITE-RELATED WORKS FURTHER UPDATE

Highlights

- Newly appointed ECMR Chairman visits site and comments favourably about progress at Abu Dabbab project;
- Free Zone compound nearing completion;
- Further work on sea water intake and feldspar port layouts; and
- Work commences on a 3 Mtpa open pit mine design and associated production schedule.

Gippsland Limited ('Gippsland' or the 'Company') [ASX: GIP, FRA: GIX] provides the following update on further site-related work on the Abu Dabbab tin/tantalite/feldspar project in Egypt, previously announced on 11 April 2011.

ECMR Chairman Site Visit

In mid-May, the Chairman of the Egyptian Company for Mineral Resources ("ECMR") conducted an inspection of the Abu Dabbab project area, including visiting the Abu Dabbab hard rock deposit, the Nuweibi deposit, the Igla placer tin deposit and, in particular, the Abu Dabbab alluvial tin trial mining operations. Following his visit, the Chairman on behalf of ECMR expressed his appreciation for the work thus far completed by Tantalum Egypt ("TE") in relation to the Abu Dabbab project and praised the team led by Dr Atef conducting the trial mining program.

Gippsland Ltd wishes to express its sincere thanks to Dr M Nashaat for this recognition, and looks forward to working cooperatively with ECMR and EMRA as the Abu Dabbab project develops further.

Free Zone Compound Nears Completion

Work on the Free Zone at Abu Dabbab project site is nearing completion, with only the wire fence (and gate) on the western boundary remaining to be completed. The brick walls on the other boundaries are now complete, as is the customs house and most of the associated drainage works. Final completion is now expected in early June 2011.

Sea water Intake and Feldspar Port Studies

Following consultation with the Company's Cairo-based environmental consultants, Environics, it has been decided that the preferred means of sea water intake will take the form of an intake located outside the fringing reef, connecting with a pipeline to shore mounted on a jetty structure. It is hoped that this jetty will form part of a later feldspar ship loading facility.

The last remaining environmental compliance issue will therefore be to have the jetty arrangement approved. As of the date of this report, such drawings are being prepared for inclusion in the Company's updated project EIS.

Abu Dabbab 3 Mtpa Production Base Case

Following the Company's announcement on 18 May to proceed with a 3 Mtpa option as the preferred base case for the Abu Dabbab project, work has commenced on a detailed open pit mine and waste dump, together with an associated mine production schedule. This work will include an updated ore reserves statement, which will take into account the material now anticipated to be mined beneath the floor of the 2 Mtpa pit design.

Due to the significantly increased commodity prices for both tantalite and tin, the 3 Mtpa pit is expected to be approximately 100 metres deeper than the older 2 Mtpa pit, and to be approximately 300 metres from the highest point on the pit rim to the final pit base (see Figure 4).

As soon as the design work is completed, hopefully in June, the Company expects to release details of the pit design, production schedule, relevant drawings and a formal Ore Reserve update.

Figure 1: Free Zone compound, earlier shot showing brick walls and customs house; the walls on three sides are now completed.



Figure 2: Customs house nearing completion



Figure 3: Drainage works around the FZ walls.



Figure 4: General view of the Abu Dabbab deposit; the white apogranite is clearly visible; the 3 Mtpa pit base is planned to extend below the wadi floor seen in the foreground.



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Signed

A handwritten signature in black ink, which appears to read 'Ian Gandel'.

I Gandel
Chairman