

FOURTH QUARTER ACTIVITIES REPORT

Period: 1 APRIL – 30 JUNE 2013

Release Date: 31 JULY 2013

The Directors of Gippsland Limited ("Gippsland" or "the Company") [ASX: GIP, FRA: GIX] provide the following Activities Report for the period April to June 2013, together with details of events up to the date of this report.

HIGHLIGHTS

- Consortium of Egyptian banks appoints Coffey International as the Independent Technical Advisor;
- Wet screening circuit commissioned at Alluvial Mining Project at Abu Dabbab;
- Sale of Stellar Resources Limited (SRZ) shareholding which raised \$1.9 million; and
- Completion of Non-Renounceable Rights Issue which raised \$1.65 million.

EGYPT - ABU DABBAB TANTALUM-TIN PROJECT

Project Debt Finance

A Consortium of Egyptian banks comprised of Bank Audi, Banque Misr, Commercial International Bank and Banque Du Caire was formed to jointly support Tantalum Egypt JSC ("TE JSC") in raising the required senior debt financing (the "Transaction") for the development of the initial phase of the Project. Banque Du Caire has recently withdrawn from the Consortium however the remaining three banks have elected to fill the void left by the departure of Banque Du Caire internally rather than seek a replacement bank.

The Consortium had previously appointed Wardell Armstrong International to act as an Independent Technical Advisor ("ITA") to assist it in the Transaction. However the banks withdrew their instructions to Wardell Armstrong and have now appointed Coffey International ("Coffey") in its place. Coffey is a specialist professional services consultancy with expertise in geosciences, international development and project management. Coffey has previously provided independent technical assessments of the Project and it is hoped that this familiarity will allow them to act and report swiftly.

Subject to a satisfactory outcome of this high level review, the Consortium intends to proceed to obtaining credit committee approval for the Transaction and to the final negotiation and execution of a definitive term sheet, which the Company expects to contain some conditions precedent that will need to be fulfilled prior to the first drawdown.

Abu Dabbab Alluvial Project

A demountable modular gravity separation plant comprising of rougher and cleaner spiral separators with a nominal treatment capacity of 50 tonnes per hour (tph) of -2 mm alluvial material (the "Spiral Plant") arrived on site in January. The Spiral Plant is intended to treat approximately 30 tph of -2 mm dry feed derived from ROM mining and ROM screening operations and to retreat approximately 20 tph of accumulated tailings from the previous operations of the HPC-30 circuit. Commissioning was completed in late February.

HPC-30 tailings materials were contaminated by occasional stones entrained by the contractor during movement from the HPC-30 circuit to stockpile. As previously announced, a wet screening circuit

including a DSM screen was installed to counter this problem and the wet screening circuit has now been commissioned.

The nominal capacity of the Spiral Plant is 50 tph or 30,000 tonnes per month at around 85% availability. Throughput has now increased to match this nominal capacity. At full capacity, reprocessing HPC tailings through the wet screening circuit is expected to contribute approximately 12,000 tonnes per month to a total feed stock of 30,000 tonnes per month for a period of approximately three months. Re-screening of existing stockpiles is expected to contribute a further 6,000 tonnes per month with the balance made up of materials mined from Wadi Mubarak. When treating this mix of feedstock, the average feed grade of combined feedstock is expected to be around 1.4 kg tin per tonne and at 90% recovery, the plant was expected to produce approximately 40 tonnes of tin contained in concentrate per month. At this time, the plant has not achieved target recovery.

It is intended to utilise the HPC circuit to process -4/+2 mm material. In the event that tin recoveries and/or HPC treatment capacity is found to be unsatisfactory, an alternative solution involving a small scale jig plant will be evaluated to treat this material. Preliminary data from grade control sampling at Wadi Mubarak suggests that as much as 60 tonnes of tin contained in ROM from this area is contained in this -4+2mm size fraction.

Should a circuit to process -4+2 mm material begin operation, additional production from this circuit could increase production by between 20 to 25 tonnes of tin in concentrate per month.

Grade control pitting on a 20 x 25 metre grid, sample processing by screen size analysis and sampling over the entire Mubarak Placer was completed in the first quarter. Mine planning based on these grade control samples suggest a total resource of approximately 120,000 tonnes of -2 mm material in ROM containing an estimated 155 tonnes of tin-in-cassiterite. The -2 mm size fraction constitutes an average of 43% of ROM by weight.

The political events in Egypt during the period did not impact the Company's operations at the Abu Dabbab alluvial tin project. The Company's Cairo office was closed for approximately a week during the upheaval, with Cairo staff operating from home without significant disruption to activities.

Ramadan started on 10 July and operations at Abu Dabbab have been curtailed during daylight hours during this four week period to the extent of 6 hours shutdown per day. This will reduce processing rates and likely materially impact on production levels during this period.

During the quarter, the Company made seven shipments (shipments #7 to #13) of cassiterite and the sale of four of those shipments had been finalised by 30 June 2013, as shown in the summary of tin sales made from 1 April 2013 to 30 June 2013 below:

Table 1: Tin Sales for June 2013 quarter

Shipment Number	Date of Sale to Smelter	Final Grade (Sn)	Contained Tin (tonnes)	Sale Price of Tin (USD per tonne)	Total Gross Proceeds (USD) (refer Note 1)
7	13/5/2013	45.87%	5.92	21,100	124,939
8	21/5/2013	48.27%	5.27	20,900	110,124
9	3/6/2013	44.71%	2.66	19,680	52,409
10	17/6/2013	41.52%	4.95	19,150	94,848

Note:

1. Total Gross Proceeds is calculated prior to the deduction of toll treatment charges.

As at the date of this report, three shipments (shipments #11 to #13) had been received at Malaysia Smelting Corporation ("MSC") in Penang, Malaysia and were undergoing weighing and sampling procedures, and a further two shipments (shipments #14 and #15) had departed Egypt and were in transit to MSC.

ERITREA (ADOBHA PROJECT)

Gippsland's 100% owned subsidiary Adobha Resources (Eritrea) Pty Ltd (ARE) holds the Adobha Exploration Licence covering 2,100 km² and the Gerasi South Exploration Licence covering 100 km² in the highly prospective Adobha region in the State of Eritrea.

Exploration continued during the quarter with systematic rock-chip sampling, soil sampling and geological mapping of the VTEM anomaly, areas of interpreted geological interest and geochemical anomalies identified from the regional drainage geochemical surveys. The work focused on the Semait, V4, V5, V13, V14 & v15 prospects. The best results were obtained from the Semait prospect although sample results for the V13 & V14 prospects are still outstanding.

The Semait prospect contains historical copper workings which date from the 1930s period when Eritrea was an Italian colony. The immediate area around the old workings was explored by Ophir Ventures Inc. during the 1990s.

Geochemical sampling (soil and rock-chip) by Ophir Ventures and extended by ARE has identified a zone of copper mineralisation associated with a major shear structure over a strike length of 1,000m. Twenty seven rock chip samples collected over intervals of 3 to 5m were collected of which 19 returned significant Cu values ranging between 0.02% to 9.76% with an average of 1.27% (Table 2). Two samples showed Au anomalies 1.24g/t and 0.27g/t.

Table 2: Semait prospect - Rock chip samples results

Sample No.	UTME	UTMN	Au (ppb)	Cu (ppm)	Pb (ppm)	Zn (ppm)
689530	411120	1889613	10	1,267	18	24
689531	411124	1889722	3	13,859	11	3
689532	411127	1889914	13	9,472	71	22
689533	411103	1889942	16	228	0	2
689534	411116	1889981	9	10,909	7	8
689535	411211	1890210	9	9.76%	34	53
689536	411250	1889888	13	4,270	6	9
689537	411051	1890034	3	10,477	16	3
689540	411084	1889024	1	12,075	2	24
689541	411112	1889138	2	2,513	0	14
689542	411034	1889124	1	17,828	0	5
689543	411141	1889512	55	12,396	5	6
689544	411136	1889591	10	13,333	1	33
689550	411163	1890692	271	280	197	30
689551	411119	1889860	18	17,098	30	14
689553	411201	1890894	1,242	8,103	3	14
689555	411093	1890458	6	296	3	1
689558	411181	1890105	6	817	1	1
689559	411138	1890091	0	8,258	2	10

CORPORATE

Non-Renounceable Rights Issue

On 6 March 2013, Gippsland announced a non-renounceable rights issue to shareholders on the basis of one new share for every four existing shares at an issue price of 1 cent per new share ("Rights Issue"). During the quarter, the Rights Issue was successfully completed and raised a total of \$1.65 million before issue costs.

RIU Explorers Conference

The Company attended and presented at the RIU Resources Roundup Conference in Sydney, New South Wales, from 14 to 16 May, 2013, and the Gold Coast Resources Showcase, Queensland, from 12

to 13 June 2013. The presentations delivered by Mr Ian Gandel, Chairman, are available on the Company's website.

Sale of Stellar Resources Shareholding

During the quarter, the Company sold its shareholding in Stellar Resources Limited (ASX: SRZ) of 43,528,743 shares for approximately \$1.9 million, after deducting the costs of brokerage. Gippsland retains a production based royalty over the Heemskirk in Project that is applied at tin prices in excess of \$25,000 per tonne.

A handwritten signature in black ink, reading 'Ian Gandel'.

Ian Gandel
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Note:

In accordance with Listing Rule 5.6 of the Australian Stock Exchange Limited, 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 has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Chisholm consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

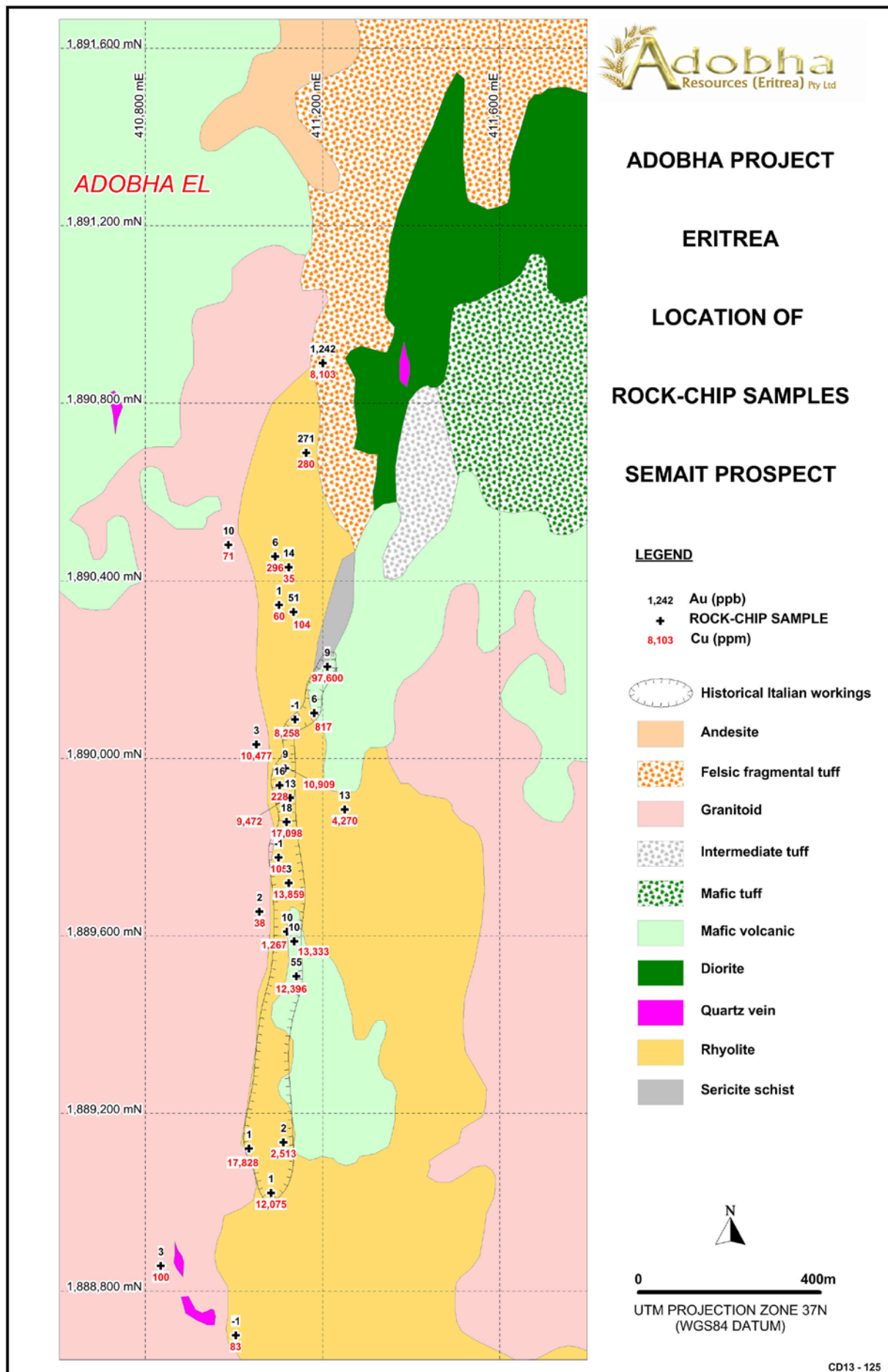


Figure 1: Location of Rock Chip Samples – Semait Prospect

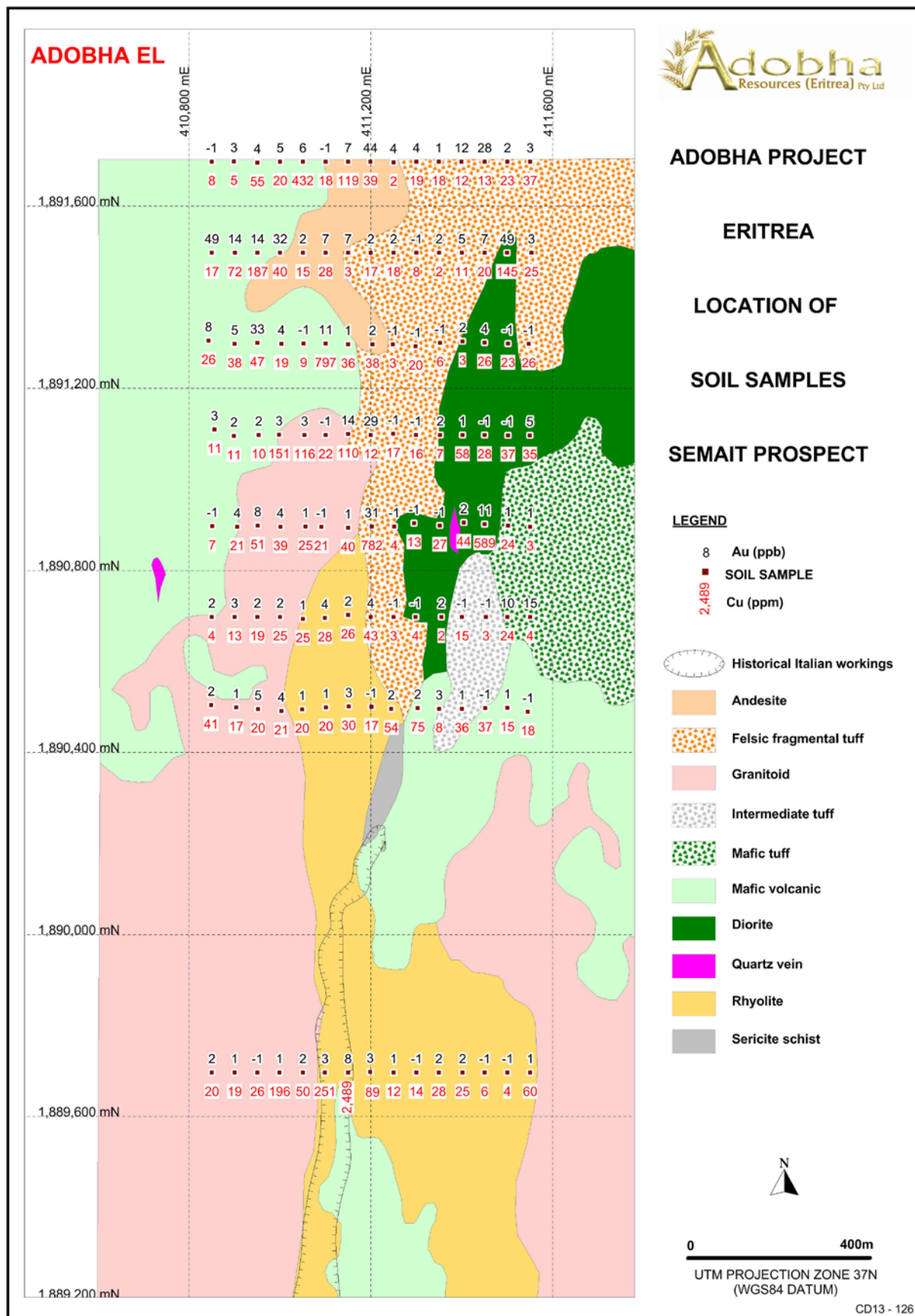


Figure 2: Location of Soil Samples – Semait Prospect



Figure 3: DMS Circuit and Spiral Plant at the Abu Dabbab Alluvial Mining Project



Figure 4: Wilfley Table at the Abu Dabbab Alluvial Mining Project