

Suite 34, 18 Stirling Highway, Nedlands WA 6009  
PO Box 352, Nedlands WA 6909, Australia  
A.B.N. 31 004 766 376  
Tel: (08) 9389 8611 Fax: (08) 9389 8612  
E-mail: jtelford@gippslandltd.com.au



**GIPPSLAND  
LIMITED**

20 December 2002

Company Announcements Office  
Australian Stock Exchange Limited  
20 Bond Street  
SYDNEY NSW 2000

Fax No: 1300 300 021

Dear Sir/Madam

#### **40 Mt Abu Dabbab Tantalum-Feldspar Project SHAREHOLDER AGREEMENT**

The Directors of Gippsland Limited ("Gippsland" or "the Company") are pleased to announce that the Gippsland 100% owned subsidiary Tantalum International Pty Ltd ("Tantalum International") has executed a Shareholders Agreement with the Egyptian Geological Survey & Mining Authority ("EGSMA") in relation to the 40 Mt Abu Dabbab Tantalite-Feldspar project and the joint venture company Tantalum Egypt which is owned 50% by EGSMA and 50% by Tantalum International.

The signing of the Shareholder Agreement took place in Cairo on December 15, 2002 in a formal ceremony chaired by the Minister of Industry and Technology His Excellency Dr Ali El Saidi, the EGSMA Board of Directors and Gippsland Chairman Jack Telford. A strong press attendance resulted in the event being widely reported on Egyptian television and in a number of Middle East national newspapers.

His Excellency Dr Ali El Saidi stated at the signing ceremony that the venture will be a significant step in exploiting Egypt's mineral wealth. "Australian and Egypt governments have enjoyed an excellent relationship for some time and Gippsland's initiative to be involved in the development of Abu Dabbab is most welcome and will receive the fullest support from the Egyptian Government" said Dr Ali El Saidi.

#### **Exclusive 60 Year Right to Resource**

Speaking from Cairo, Gippsland Chairman Jack Telford stated "This is a most important event for the Company as it cements the working relationship between Gippsland and EGSMA for the life of the project. Based upon the initial planned production of 1 million tonnes per year, the agreement will stand for 40 years however it may be extended as new opportunities become available to Tantalum Egypt since Gippsland has an exclusive 60 year right to the resource".

Mr Telford stated "As a result of the meeting with H.E. Ali El Saidi and meetings with the Egyptian Minister for Finance H.E. Dr Youssef Boutros-Ghali plus Australian and Cairo based representatives of Austrade, it is clear that the signing of this significant agreement has been well supported both within Egypt and Australia".



## **Zero Tax Period**

Under the agreement, Tantalum Egypt shall enjoy numerous benefits including but not limited to free export trade of products, customs import duty relief and exemption from a number of taxes including stamp duty and land tax. The agreement also provides the project a twenty (20) year exemption from profits taxation.

## **Size of Resource**

The Abu Dabbab deposit contains a resource of 40 Mt having a grade of 274 g/t Ta<sub>2</sub>O<sub>5</sub> (10.2 million pounds of Ta<sub>2</sub>O<sub>5</sub>). The in-situ resources also include 10.2 Mlb Nb<sub>2</sub>O<sub>5</sub> and 35,000 tonnes of tin, however most significantly the project is likely to yield approximately 32 million tonnes of high grade ceramic feldspar.

## **Bankable Feasibility Study**

The Company is presently completing the Abu Dabbab Bankable Feasibility Study based upon an annual production of 1 Mt that is anticipated to produce approximately 420,000 lbs Ta<sub>2</sub>O<sub>5</sub> and 800,000 tonnes of feldspar per year. i.e., 80% of the ore mined will be converted to ceramic grade feldspar. Because of the co-production of Ta<sub>2</sub>O<sub>5</sub> and feldspar, the project's operation costs are likely to be well below those incurred by present Ta<sub>2</sub>O<sub>5</sub> producers both within Australia and elsewhere.

## **Sale of Production**

The Company has received strong interest from European ceramic manufacturers regarding the purchase of the feldspar output from Abu Dabbab. The Company has appointed an experienced feldspar sales agent to negotiate on the Company's behalf in relation to these feldspar pre-sale agreements.

In relation to the pre-sale of the tantalum production, the Company is continuing its negotiations with the world's major tantalum consumers.

Yours sincerely

**John D Kenny**  
Director