

15 April 2003

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

Dear Sir / Madam

### **ABU DABBAB PROJECT – NPV RISES TO A\$265 MILLION**

The Directors of Gippsland Limited ("Gippsland" or "the Company") are pleased to advise that significant metallurgical results have been achieved with respect to the Company's 40 million tonne Abu Dabbab tantalum, tin & feldspar project located adjacent to the western shore of the Red Sea in Egypt ("Abu Dabbab Project").

#### **Increase in Tantalum Recovery Rates**

Recent preliminary testwork undertaken by SGS Lakefield Research Limited of Toronto Canada ("SGS Lakefield") has achieved an 18.4% *increase* in tantalum pentoxide ("Ta<sub>2</sub>O<sub>5</sub>") recovery rates. The recovery of tin has also been increased by a similar quantum. SGS Lakefield is one of the world's leading independent metallurgical laboratories.

Notwithstanding the significant Ta<sub>2</sub>O<sub>5</sub> and tin recovery increases, the testwork produced ceramic grade feldspar having a combined alkali metal content (Na<sub>2</sub>O & K<sub>2</sub>O) in excess of 13% and a reduced iron and titanium content. (Please Note: Fe<sub>2</sub>O<sub>3</sub> = 0.03%, TiO<sub>2</sub> = <0.01%)

#### **Increase in NPV of the Abu Dabbab Project**

On 18 March 2003, the Company released details of an interim Scoping Study undertaken by the engineering group Lycopodium Pty Ltd.

The Scoping Study determined that the Abu Dabbab Project has a Net Present Value ("NPV") at a discount rate of 6% of US\$127 million (A\$212 million) and an Internal Rate of Return ("IRR") of 36%.

The Directors recognise that the recent metallurgical achievements will have a positive effect on the overall economics of the Abu Dabbab Project. Based on the application of the increased Ta<sub>2</sub>O<sub>5</sub> recovery alone, the Abu Dabbab Project's IRR increases to 42% while the **NPV @ 6% increases to US\$159 (A\$265 million)**. Gippsland owns 50% of the Abu Dabbab Project.

The Directors are of the firm opinion that Abu Dabbab will enjoy the lowest cost of production globally. The Abu Dabbab Bankable Feasibility Study is progressing to schedule and, excepting any unforeseen delays, is expected to be complete during August 2003.

John (Jack) Telford  
Executive Chairman

*Note: In accordance with Listing Rule 5.10 of the Australian Stock Exchange Limited, the geological information in this report that relates to mineral resources and ore reserves is based on information compiled by Gippsland Director Dr John Chisholm, who is a Fellow of the Australasian Institute of Mining and Metallurgy, with over 25 years experience in the mining industry.*