



ASX & Media Release
15 September 2003

ABU DABBAB – FELDSPAR OFF-TAKE AGREEMENT

Agreement

The Directors of Gippsland Limited ("Gippsland" or "the Company") are pleased to announce that Gippsland has entered into a heads of agreement ("Agreement") with a major European group of companies ("the Group") for the off-take of 2.65 million tonnes of micronised ceramic grade feldspar to be produced at the Company's 40 million tonne Abu Dabbab tantalum-feldspar project ("Abu Dabbab") located in Egypt.

The Group is a major blue chip international industrial operation involved in the feldspar industry having an annual revenue in excess of US\$400 million.

Under the 5 year Agreement, the Group's feldspar off-take will commence at 250,000 tonnes during 2005 increasing to 900,000 tonnes during 2009. Based upon current market prices for feldspar, the Agreement is scheduled to generate sales revenue in excess of US\$80 million (A\$120M) over the 5 year period.

The Agreement provides the Group with the option to increase feldspar off-take tonnages during the 5 year period.

The Agreement is non-exclusive and only pertains to the Italian market. The off-take Agreement is subject to a number of standard but material commercial conditions precedent such as that the Abu Dabbab feldspar specification must comply with the requirements of the Italian ceramic industry. As previously announced however, extensive in-plant testwork undertaken in Italian ceramic tile factories has confirmed that the Abu Dabbab feldspar is eminently suitable for this purpose.

Gippsland is continuing to evaluate the feldspar markets in Spain, Portugal, France, Germany, South East Asia and the Middle East which have a combined market potential in excess of 3 million tonnes of ceramic grade feldspar per annum. Accordingly, Gippsland is presently in negotiation with companies based in Spain, France and Germany with the view to concluding additional feldspar off-take agreements.

The Company is also currently in negotiation with tantalum consumers with the view to secure off-take agreements.

Project Expansion

The Abu Dabbab project is scheduled to commence operations during 2005 at a feed-rate of 1 Mtpa producing approximately 800,000 tonnes of ceramic grade feldspar and 400,000 pounds of tantalum pentoxide ("Ta₂O₅") per annum. The Company has previously announced that consideration will be given to increasing mill feed rate to 2 Mtpa not long after commencement of operations.



Executive Chairman Jack Telford stated: "This first off-take Agreement highlights the distinct potential for the Abu Dabbab project to become one of the World's foremost feldspar producers as Abu Dabbab's 40 Mt resource base would readily support a 2 to 3 Mtpa open pit operation producing 1.6 to 2.4 Mtpa of ceramic grade feldspar. Additionally this scale of operation would produce between 800,000 to 1,600,000 pounds per annum of Ta₂O₅ which would rank Abu Dabbab as the World's number 2 tantalum producer."

Based upon the Scoping Study undertaken by the international engineering group Lycopodium Pty Ltd ("Lycopodium") in March 2003, the Abu Dabbab operating cost of Ta₂O₅ production net of tin and feldspar credits is less than US\$5/lb.

The Abu Dabbab project is the subject of a 50:50 joint venture agreement between Gippsland and the Egyptian Geological Survey & Mining Authority, (a state agency of the Egyptian Government). Lycopodium is presently undertaking the Abu Dabbab bankable feasibility study which is expected to be completed by December 2003.

For further information please contact:

RJ (Jack) Telford
Executive Chairman
Gippsland Limited

Telephone +618 9389 8611
Facsimile +618 9389 8612
Email jtelford@gippslandltd.com.au
Website www.gippslandltd.com.au