



ASX & Media Release
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THREE-FOLD TANTALUM RESOURCE INCREASE - 122 MILLION TONNES

The Directors of Gippsland Limited ("Gippsland" or "the Company") are pleased to announce that Gippsland's 50%-owned joint venture company Tantalum Egypt has been granted an exploration licence ("Licence") over a 16km² area of land in Egypt which includes the 82 million tonne Nuweibi tantalum-feldspar deposit. The Nuweibi deposit is located 15km from the 40 million tonne Abu Dabbab tantalum-feldspar project which is also owned by Tantalum Egypt.

The Egyptian Minister for Industry and Technology, His Excellency Dr Ali Fahmi Al Sa'aidi, announced the award of the Licence at a specially convened press conference held in Cairo on 17 September 2003. A number of senior Egyptian dignitaries along with approximately 25 domestic and international press and television representatives attended the function which received widespread media coverage in both Arabic and English languages. The award of the Licence was reported as being the most valuable mineral exploration licence issued to date in Egypt.

The granting of the Licence gives Tantalum Egypt the sole right to convert the Licence to a mining licence at any time during the 4-year life of the Licence.

The Nuweibi deposit was discovered during the 1970s by joint Egyptian-Soviet geological expeditions whose members subsequently explored the deposit in detail. The deposit is comprised of tantalum-niobium-tin mineralisation within a porphyritic microcline-quartz-albite granite. There has been extensive exploration completed on the area including 23 diamond drill holes totalling 2,746m, trenching, surface sampling and metallurgical testwork. As a result of this exploration it was determined that the Nuweibi deposit contains 82Mt at a grade of 156g/t tantalum pentoxide ("Ta₂O₅") at a cut-off of 120g/t. The mineralisation was assigned to the C1 and C2 categories according to the Soviet system. These categories are approximately equivalent to the JORC indicated and inferred resources respectively.

Gippsland is presently undertaking a review of all available Nuweibi data with the view to converting the Soviet resource figures to JORC Code compliant resources. Having had considerable experience with Soviet resource methodologies, the Company is confident that the JORC Code compliant resources will not differ greatly from the Russian estimates.

Following the detailed 1970's exploration programs, the Nuweibi deposit was mothballed due to the then low Ta₂O₅ price and a lack of suitable technologies capable of processing fine-grained tantalum ores. During the 1990's, significant metallurgical advances were achieved, particularly with respect to enhanced gravity separation techniques, with the result that Nuweibi and Abu Dabbab style ores are now successfully and routinely processed in a number of mining operations both within Australia and overseas. Gippsland's previous Abu Dabbab metallurgical test-work,



and the pilot-plant programme currently being undertaken in Australia have demonstrated high levels of tantalum recovery. Like the Abu Dabbab deposit, the Nuweibi deposit is also expected to yield high quality ceramic grade feldspar.

As is the case with the Abu Dabbab deposit, the mineralogy of the Nuweibi deposit is relatively simple in that it does not contain high levels of detrimental contaminants or minerals associated with uranium and thorium which plague a number of tantalum deposits throughout the world preventing commercial development.

The Nuweibi mineralisation is exposed as a hill of up to 115 metres in height above the wadi floor while diamond drilling programmes determined that the mineralisation extends to 200 metres below the wadi floor. The deposit is well suited to open-pit mining at an expected waste/ore strip ratio of less than 1.5:1.

During March 2003, the international engineering group Lycopodium Pty Ltd undertook a scoping study which determined an Abu Dabbab Project NPV of US\$127.1 million at a 6% discount rate, an IRR of 36%, and an operating margin of US\$346 million during the first 21 years of the 40 year mine life. The use of the one processing plant for both the Abu Dabbab and Nuweibi deposits is expected to greatly enhance the project's economics.

Project Expansion

The Abu Dabbab project is scheduled to commence production at a feed-rate of 1 Mtpa. However, as previously stated, early consideration will be given to increasing mill-feed to 2 Mtpa shortly after start-up.

Executive Chairman Jack Telford stated: "The award of this Licence over a world-scale 82Mt deposit reflects the excellent working relationship that has been forged between Gippsland and our Egyptian partners. The acquisition of the Nuweibi Licence greatly increases the likelihood of an early expansion of the mill-feed to 2 Mtpa and beyond. We are on record stating that Abu Dabbab will become the world's second largest tantalum producer. With a 122Mt resource base and an operating cost of Ta₂O₅ production net of tin and feldspar credits of less than US\$5/lb, we are progressing to plan."

The Nuweibi and Abu Dabbab are connected by a hard dirt road and are located adjacent to the extensive infrastructure associated with the Egyptian Red Sea tourist industry, one of the country's prime sources of foreign income. Both deposits are within close proximity to the Marsa Alam International Airport, major highways and the proposed extension to the national electric power grid. No recognised archaeological sites exist within or near the Abu Dabbab and Nuweibi licence areas or the access road linking the deposits and the Red Sea coast.

The Egyptian incorporated company Tantalum Egypt is owned equally by 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 will take into account the various investment incentives provided pursuant to Egyptian Law No. 8/1997 - Investment Guarantees and Incentives, which was established specifically to encourage foreign investment in Egypt. Law No. 8/1997 provides numerous benefits including protection against nationalisation, free export trade of products, a maximum of 5% customs import duty, and exemption from a number of



taxes, including stamp duty and land tax. The provisions of Law No. 8/1997 will also enable Tantalum Egypt to enjoy a twenty (20) year exemption from taxation of profits. These investment incentives shall apply to both the Abu Dabbab and Nuweibi deposits.

RJ (Jack) Telford
Executive Chairman
Gippsland Limited

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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.