

2 February 2004

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

Dear Sir/Madam

ABU DABBAB – TANTALUM OFF-TAKE

The Directors of Gippsland Limited ("Gippsland" or "the Company") are pleased to announce that Gippsland has entered into a letter of intent ("LOI") with a major Asian group of companies ("the Group") in relation to the off-take of 500,000 pounds of tantalum pentoxide (Ta_2O_5) to be produced at the Company's 138 million tonne Abu Dabbab/Nuweibi tantalum-tin-feldspar project ("Abu Dabbab") located in Egypt.

The Group is a major blue chip international industrial operation involved in the tantalum processing industry.

Pursuant to the LOI, Gippsland and the Group ("the Parties") will proceed to execute an off-take agreement for 100,000 pounds of Ta_2O_5 per annum for an initial period of five years commencing during 2005, which based upon the current tantalum market price is anticipated to produce revenue in excess of US\$17 million (A\$22M) over the five year period.

The LOI is subject to a number of standard but material commercial conditions precedent including that the Abu Dabbab Ta_2O_5 specification must comply with that required by the Group which produces high-purity tantalum metal and tantalum derivatives used in manufacture of electronics, mill products and chemicals. Also, in accordance with international transport regulations, the Ta_2O_5 concentrate must have combined uranium oxide (U_3O_8) and thorium oxide (ThO_2) content of less 0.5%, the current allowed maximum threshold. However, pilot-plant testwork being undertaken in Australia is currently achieving combined U_3O_8 and ThO_2 levels as low as 0.06%, which is well below current maximum and contemplated reduced levels allowable for such contaminants.

Under the LOI, the Parties have the option to consider Gippsland undertaking downstream processing to produce high purity Ta_2O_5 and/or any tantalum derivatives which the Group may require from time to time.

Project Expansion

The Abu Dabbab project is scheduled to commence operations during 2005 at a mill feed-rate of 1 Mtpa producing approximately 800,000 tonnes of ceramic grade feldspar and 400,000 pounds of Ta_2O_5 per annum.

The Directors have previously announced that Gippsland has entered into a heads of agreement with a major European group of companies for the off-take of 2.65 million tonnes of micronised ceramic grade feldspar over a period of five years commencing at 250,000 tonnes during year one moving to 900,000 tonnes during year five.



The Directors are currently negotiating with additional Ta₂O₅ consumers with respect to long-term off-take agreements for a further 300,000 pounds Ta₂O₅ per year. The annual tin production of 1,000 tones will be sold directly to industry or via the London Metal Exchange Limited.

The Directors are confident that additional tantalum and feldspar off-take agreements will be consummated thus providing an opportunity to expand the Abu Dabbab mill feed-rate from 1 Mtpa to 2 Mtpa not long after commencement of operations.

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

The 138 million tonne Abu Dabbab/Nuweibi tantalum-tin-feldspar project is owned by Tantalum Egypt LLC, in which Gippsland has a 50% interest by way of an incorporated joint venture with the Egyptian Government.

Yours sincerely

RJ (Jack) Telford
Executive Chairman
Gippsland Limited

www.gippslandltd.com.au
info@gippslandltd.com.au