

9 March 2004

## **Gippsland Limited commences trading on AIM £0.7 (A\$1.7) million placing**

- ◆ **Focus on tantalum – tin – feldspar mining in Egypt**
- ◆ **BFS scheduled for completion by June 2004**

ASX listed Gippsland Limited "Gippsland" or the "Company" [ASX & AIM: GIP (Ordinary Shares) & GIPO (Listed Options)], an emerging tantalum-tin-feldspar producer, commenced trading on AIM today after the Company in conjunction with UK based broker Hoodless Brennan & Partners Plc, raised £0.7 (A\$1.7) million through the issue of 25 million shares at 2.8 pence (A\$0.068) to institutional and other investors. Grant Thornton is acting as the Company's Nominated Adviser. Gippsland has a market capitalisation at the admission price on commencement of trading of £5.3 (A\$13) million.

Gippsland is the first ASX listed company to admit to AIM under the "fast track" AIM Designated Market Rules.

Gippsland has a 50% joint venture with the Egyptian Government on the 40Mt Abu Dabbab and the 98Mt Nuweibi tantalum deposits located in Egypt. Based on a scoping study undertaken in March 2003 by international engineering group Lycopodium Pty Ltd, the 40Mt Abu Dabbab project is anticipated to produce 420,000 pounds of tantalum pentoxide ("Ta<sub>2</sub>O<sub>5</sub>"), 1,000 tonnes of tin and 800,000 tonnes of ceramic grade feldspar per year.

The tantalum is expected to be sold by way of long-term contacts with consumers in Europe, Asia and North America while the feldspar will be delivered to Europe, North Africa and the Middle East for consumption in the ceramic tile industry. The tin will be sold direct via the London Metal Exchange or direct to industrial consumers.

Gippsland has concluded a Heads of Agreement with a major European group for the off-take of 2.65 million tonnes of feldspar over a 5-year period. The Company has also executed a Letter of Intent with an Asian company for the off-take of 100,000 pounds of Ta<sub>2</sub>O<sub>5</sub> per year for a period of 5 years. It is currently negotiating off-take agreements for balance of the planned tantalum production, 320,000 pounds of Ta<sub>2</sub>O<sub>5</sub> per year.

The Lycopodium Abu Dabbab scoping study determined that a 1Mtpa operation would generate an annual revenue of US\$46 million, a NPV of US\$127m (discount rate of 6%) and an IRR of 36% in addition to a 40 year mine life.

The Abu Dabbab and Nuweibi deposits are 15km apart and are readily accessible being located 25km from the western shore of the Red Sea and a national highway. The projects are located 25km from the Marsa Alam international airport and approximately 75km from the sea ports of Quseir and Abu Ghusun.

The Company will use the funds raised to finalise the Abu Dabbab bankable feasibility study which is scheduled for completion during June 2004. The project will be afforded tax-free status for the first 20 years of operation.

Speaking today at the AIM admission ceremony Jack Telford, Executive Chairman said



"The recently executed off-take agreements for tantalum and feldspar together with Gippsland's admission to AIM will greatly assist the Company in gaining international recognition for our two world class tantalum resources. We are progressing well with our Abu Dabbab bankable feasibility study which, based on a scheduled mill feed-rate of 1 million tonnes per annum, we believe will make us the world's third largest producer of tantalum. Notwithstanding this, it is quite possible that the operation will expand to between 1.5Mtpa and 2Mtpa not long after start-up."

### **For more information**

**[www.gippslandltd.com.au](http://www.gippslandltd.com.au)**

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## **ADDITIONAL BACKGROUND INFORMATION**

### **DIRECTORS**

**RJ (Jack) Telford, Executive Chairman:** Jack, an industrial chemist has 30 years experience as Chief Executive Officer in high tech industries in both listed and unlisted entities. He has been involved in the resource sector for some 16 years in his capacity as CEO.

**John Chisholm, Director:** John holds a Bachelor of Science with Honours as well as a PhD. Dr Chisholm has more than 30 years experience in mineral exploration and international mining project development.

**John Kenny, Executive Director:** John, practices law with Blakiston & Crabb, the specialist corporate and resources law firm and specialises in venture capital, initial public offerings and mergers and acquisitions.

### **LICENCES**

The Abu Dabbab and Nuweibi mining licences cover 38 square kilometres. The licences are held by Tantalum Egypt LLC, a company owned 50% by Gippsland and 50% by the Egyptian Company for Mineral Resources (the latter is owned 100% by the Egyptian Geological Survey and Mining Authority, part of the Egyptian Government's Ministry for Industry & Technology). The licences, issued by Ministerial Decree, have a tenure of 30 years plus an automatic extension of 30 years.

### **ABU DABBAB**

This tantalite project is located some 770 kilometres south of Cairo. The mineralisation occurs as disseminated cassiterite and niobio-tantalite hosted in a stock of apogranite. The apogranite body extends in an east-west direction with a maximum length of some 400 metres and a maximum width of nearly 200 metres. The body extends about 130m above the level of the exploration adits and has been intersected by drilling at a depth of 300m below the adits.



Gippsland's geologists together with consultants Continental Resource Management Pty Ltd have undertaken an assessment of all the available geological data to bring the resource into the Australian JORC Code as follows:

#### **Abu Dabbab Summary of Resources (JORC Code)**

Category	Tonnes	Grade		Contained Metal	
		Ta <sub>2</sub> O <sub>5</sub>	Sn	Ta <sub>2</sub> O <sub>5</sub>	Sn
Measured	12.00 Mt	274g/t	0.13%	7.247 M lb	15,587 t
Indicated	2.1 Mt	260 g/t	0.16%	1.18 M lb	3,340 t
Inferred	26 Mt	240 g/t	0.06%	13.7 M lb	16,400 t
Total All Categories	39.9 Mt	252 g/t	0.089%	22.1 M lb	35,300 t

Note: minor mismatch in totals due to rounding of tonnes and grade

A preliminary pit study by independent mining engineering consultants John S Dunlop & Associates has indicated that the deposit can be exploited in full with a single open pit whilst enjoying an ore to waste ratio of 1:1.2.

#### **NUWEIBI**

The Nuweibi mining licence of 18 square kilometres was granted to Tantalum Egypt on 13 September 2003 by Ministerial Decree and has a tenure of 30 years plus a 30 year extension. Like the Abu Dabbab deposit, a detailed assessment of all the available geological data has been undertaken to bring the Nuweibi resource into the Australian JORC Code as follows:

#### **Nuweibi Summary of Resources (JORC Code)**

Category	Tonnes	Ta <sub>2</sub> O <sub>5</sub>	Contained Ta <sub>2</sub> O <sub>5</sub>
Indicated	48.1 M	147 g/t	15.9 M lb
Inferred	51 M	138 g/t	15.7 M lb
Total All Categories	98.1 M	143 g/t	31.6 M lb

Note: minor mismatch in totals due to rounding of tonnes and grade

#### **INVESTMENT GUARANTEES AND INCENTIVES – TAXATION**

Both the Abu Dabbab and Nuweibi projects will proceed under the umbrella of Egyptian Law No 8/1997 - Investment Guarantees and Incentives, which was established specifically to encourage foreign investment in Egypt. Law 8/1997 provides numerous benefits including protection against nationalisation, free export trade of products, 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 20-year exemption from Egyptian profits taxation.