

Suite 34, 18 Stirling Highway, Nedlands WA 6009
PO Box 352, Nedlands WA 6909, Australia
ABN 31 004 766 376
Tel: (08) 9389 8611 Fax: (08) 9389 8612
E-mail: jtelford@gippslandltd.com.au
www.gippslandltd.com.au



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

Regulatory News Service
London Stock Exchange Limited
London EC2 1HP
United Kingdom

Dear Sir/Madam

OFFTAKE AGREEMENT SIGNED FOR TANTALUM

The Directors of Gippsland Limited ("Gippsland" or "the Company") wish to advise that Gippsland has entered into a Heads of Agreement with a material buyer of tantalum pentoxide concentrate of financial substance (one of the Top 8 buyers of tantalum pentoxide concentrate in the world), regarding the sale by Gippsland on a "take or pay basis" of three hundred and twenty thousand (320,000) pounds of tantalum pentoxide per annum to be produced by commercial mining operations at the Abu Dabbab Project where commercial mining operations are expected to commence in January 2006, over a fixed period of four (4) years between Calendar Years 2006 and 2009.

The parties have agreed on the price in USD for each of the three hundred and twenty thousand (320,000) pounds of tantalum pentoxide per annum which are the subject of this preliminary Heads of Agreement. The agreed upon price cannot be disclosed however due to reasons of commercial confidence.

The signing of this Agreement means that Gippsland has now entered into two (2) Heads of Agreement with two material buyers of tantalum pentoxide concentrates of financial substance (both are amongst the Top 8 buyers of tantalum pentoxide concentrate in the world) which taken together results in the sale by Gippsland on a "take or pay basis" of a total of four hundred and twenty thousand (420,000) pounds of tantalum pentoxide per annum to be produced by commercial mining operations at the Abu Dabbab Project. Four hundred and twenty thousand (420,000) pounds per annum is currently estimated to be 100% of the initial per annum production of tantalum pentoxide from the Abu Dabbab Project.

Abu Dabbab Project

Gippsland via its 100% owned Australian incorporated and registered subsidiary Tantalum International holds a 50% ownership interest in the Abu Dabbab tantalum, tin and feldspar project located adjacent the western shore of the Red Sea in the Central Eastern Desert of Egypt by way of a 50% shareholding in Tantalum Egypt (the Egyptian incorporated and registered company which fully owns the Abu Dabbab Project).

NPV of the Abu Dabbab Project

The NPV of the Abu Dabbab Project at a discount rate of 6% is approximately US\$185M and indicating an IRR of 49%. Gippsland owns 50% of the Abu Dabbab Project. The Directors of Gippsland are of the firm opinion that the Abu Dabbab Project will enjoy the lowest cost of



production globally. Except for any unforeseen delays, the Abu Dabbab Bankable Feasibility Study is expected to be completed during July 2004.

Yours sincerely

RJ (Jack) Telford
Executive Chairman

For further information please contact:

Jack Telford
Executive Chairman
Gippsland Limited
Tel: +61 (0)8 93898611
jtelford@gippslandltd.com.au

Laurence Read/Leesa Peters
Conduit PR
Tel: +44 (0)20 7936 9095
Fax: +44 (0)20 7995 5923
laurence@conduitpr.com

Bill Sharp
Hoodless Brennan & Partners Plc
Tel: +44 (0)20 7610 8565
Fax: +44 (0)20 7538 1625
billsharp@hoodlessbrennan.com