

13 November 2007

TEN YEAR TANTALUM OFFTAKE CONTRACT

- ◆ 10 year tantalum sale contract with German major HC Starck GmbH
 - ◆ 600,000 pounds tantalum pentoxide per year
 - ◆ Price escalation clauses covering production cost increases underpin long-term viability of project
 - ◆ Significant scope to increase revenue through expansion and diversification
 - ◆ Project tantalum & tin sales over initial 10-year period in excess of US\$530 million
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Gippsland Limited (ASX & AIM: "GIP"), the Egyptian focused tantalum developer, today announces that its 50% owned subsidiary Tantalum Egypt JSC has secured a 10 year contact ("Offtake Agreement") with the German major HC Starck GmbH ("HC Starck") for the supply of six million pounds of tantalum pentoxide ("Ta₂O₅") from its 40 million tonne Abu Dabbab project in Southern Egypt.

The milestone Offtake Agreement covers the delivery of 600,000 pounds of Ta₂O₅ per annum - almost the entire expected initial annual production of 650,000 pounds of Ta₂O₅ from the project. As is traditional for the tantalum industry, the Ta₂O₅ Offtake Agreement prices are confidential however based upon present Ta₂O₅ spot prices the Abu Dabbab project is expected to generate Ta₂O₅ revenue in excess of US\$280 million over the initial 10-year period of operations.

In addition to Ta₂O₅, the Abu Dabbab project will produce approximately 1,530 tonnes of tin metal per annum which will be sold on the open market or via the London Metal Exchange. Based upon the present LME tin price Abu Dabbab project is expected to generate tin revenue of approximately US\$250 million over the initial 10 years of its estimated 20 year mine life.

Importantly, the Ta₂O₅ Offtake Agreement contains price escalation clauses tied to production cost increases and a floor Ta₂O₅ price which will largely underpin the on-going viability of the project. The Offtake Agreement also contains a formula for the Ta₂O₅ offtake price to be varied to reflect a premium to spot market prices.

The Directors have ensured that the Offtake Agreement forms a solid foundation from which the Abu Dabbab project can diversify and expand significantly creating a focal point for world Ta₂O₅ production.

Discussions with a number of German and English project finance banks have been on-going during the negotiation of this expanded offtake agreement. The Company is well placed to finalise project finance arrangements early in 2008. The capital cost for the project, including financing during construction is estimated to be US\$125 million which is expected to be funded on an attractive 80% debt and 20% equity basis.

The Offtake Agreement signed on 12 November 2007 replaces the smaller Ta₂O₅ offtake agreement between Gippsland and HC Starck referred to in the Company's announcement dated 13 January 2005 for the supply of 480,000 pounds of Ta₂O₅ per annum for a period of 5 years.

The Offtake Agreement is subject to a number of standard conditions precedent including the placement of orders for SAG (Semi Autogenous Grinding) and Ball Mills by 30 April 2008, Execution of an Engineering, Procurement, Construction Management and Commissioning Services (EPCM) by 31 July 2008 and Commencement of siteworks construction by 31 January 2009.

Gippsland executive Chairman Jack Telford said "*This expanded agreement is a major development for the Company and its shareholders which include the International Finance Corporation, the commercial arm of the World Bank. It is a great pleasure to announce this long-term contract with HC Starck, a company which represents the epitome of metallurgical excellence.*"

This is a significant milestone in the development of the Abu Dabbab project. The offtake agreement largely protects Gippsland shareholders from production cost escalations, significantly reducing market risk. Additionally, the Abu Dabbab tantalum and tin extraction process is based upon industry standard gravity separation techniques which affords considerable protection against technical risk".

Mr Telford added "*We are fully focussed on taking this world-scale project into production and becoming a major, lowest cost supplier to the steadily growing global tantalum market*".

The Egyptian Minister for Petroleum and Mineral Resources His Excellency Eng. Sameh Fahmy stated "*This agreement, which is a major milestone for the Egyptian mineral resources sector, has been made possible by our concerted efforts to attract top quality companies to assist in unlocking Egypt's mineral wealth. The Abu Dabbab project has the potential to become the world's leading producer of tantalum which is an essential component in the manufacture of many items used in our lives every day. We are fully committed to working with our joint venture partners Gippsland to bring the Abu Dabbab project into production in the shortest possible time frame.*"

RJ (Jack) Telford
Executive Chairman

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Notes to Editors:

About Gippsland Limited

Gippsland is an Australian based company listed on the Australian Stock Exchange and the London Stock Exchange AIM and also trading on the PLUS Markets (UK) platform, under the code of "GIP". Gippsland owns 50% of the 40 million tonne Abu Dabbab and the nearby 98 million tonne Nuweibi Tantalum deposits via an equal joint venture with the Egyptian Government. Gippsland

maintains board and management control of the joint venture company Tantalum Egypt JSC for the life of the project. The project will operate in its own Egyptian Free Trade Zone which will provide numerous benefits including relief from taxation, royalties, customs import duties and export/import licensing.

Gippsland has completed a definitive Abu Dabbab feasibility study based on an initial mill-feed rate of 2 million tonnes per annum producing approximately 650,000 pounds of Ta₂O₅ per annum. All permitting has been finalised while all required environmental studies have been completed to World Bank standards.

Abu Dabbab is expected to have a mine life of 20 years with the nearby 98 million tonne Nuweibi deposit providing an opportunity to greatly extend this mine-life and increase the rate of production. Based upon present spot prices, the Abu Dabbab and Nuweibi deposits have a combined in-situ Tantalum and tin value of approximately US\$2.9 billion.

About HC Starck GmbH (www.hcstarck.com)

HC Starck is the world's leading consumer of tantalum pentoxide, and produces a unique range of powders of refractory metals such as tungsten, molybdenum and tantalum. Headquartered in Goslar, Germany, it has annual sales approaching Euro 1 billion.

The International HC Starck Group which has more than 3,400 employees in 15 locations world-wide was sold by the Bayer Group during February 2007 to a consortium formed by leading global financial investors Advent International and The Carlyle Group for approximately Euro 1.2 billion.

Tantalum Applications

Tantalum is a grey metal, has a high dielectric, which makes it highly valuable in the manufacture of capacitors for the electronics industry. Tantalum capacitors form an essential component in the production of cellular telephones, telecommunication infrastructure, laptop computers, auto-electrics and still and video digital cameras.

Tantalum is classed as a refractory metal because it is resistant to chemical attack. For industrial use, its important properties are a high melting point, ductility which allows it to be drawn into wire, and malleability which allows sheets and tubes to be made. Once exposed to air, the metal is covered with a thin layer of oxide which allows it to resist fluids in the human body, and also acids and other corrosive liquids, in the chemical industry.

Because of the metal's resistance to corrosion it is used in chemical plant and equipment. Its high melting point (2,997°C) and low thermal coefficient of expansion make it a crucial component of jet engine turbine blades. As tantalum carbide, one of the hardest substances known to man, it is used for cutting tools.

Tantalum Market

The majority of the world's Ta₂O₅ is sold by way of long-term offtake agreements between the miner and the tantalum refiner/metal producer. Tantalum is not sold via a regulated market as is the case with gold, copper, zinc and tin. The global Ta₂O₅ market is estimated to be in the order of 5 - 7 million pounds (approx. 2,700 tonnes) per annum for the years 2005-2006. Industry commentators suggest that the market is growing at a rate of about 7% to 10% per annum