

6 June 2008

ABU DABBAB PROJECT UPDATE

- Plantsite to relocate to within 1km of the open pit mine
- Relocation and use of seawater provides significant financial benefits including operating cost savings of approximately US\$5 million per year over the likely 20-year Abu Dabbab mine life

Gippsland Limited ("Gippsland" or "the Company") [ASX/AIM/Plus: GIP, DB: GIX] is pleased to provide the following update with respect to the Company's 40 million tonne Abu Dabbab tantalum-tin project which is expected to become a major supplier to the global tantalum industry.

PLANTSITE - RELOCATION

In the original design, the Abu Dabbab plantsite was situated 5km from the Red Sea coast and 20km from the minesite. This design entailed the installation of a large seawater desalination plant from which waste brine was to be injected into saline coastal aquifers at a depth of approximately 200 metres. As mentioned in the last announcement, the Company's on-going technical review process has resulted in a number of significant benefits to the project, including the use of raw seawater for the majority of the process flowsheet. Desalinated water will now only be required for the final stages of the process.

The use of seawater will result in a capital cost saving of approximately US\$4 million and an operating cost saving of approximately US\$900,000 per year or US\$18 million over the likely 20 year Abu Dabbab mine life.

As a result of the recent decision to utilise seawater for the process plant, the injection of waste desalination brine becomes unnecessary which in turn enables the plantsite to be relocated within 1km of the open pit mine. This change will reduce the 2 million tonne per year ore haulage distance by some 19km, thereby eliminating the need for a heavy haulage road fleet whilst reducing haulage costs by approximately US\$4 million per year. The road between the mine and the Red Sea coast will now become an access road that does not need to cater for use by heavy ore haulage vehicles.

The new plant site will also shorten the mill feed distance from the Company's 98Mt Nuweibi tantalum deposit located some 16km to the south of the Abu Dabbab plantsite. However as Abu Dabbab will have a mine life of approximately 20 years, Nuweibi will not be utilised for at least a decade. The relocation of the Abu Dabbab plantsite will not adversely affect the scheduled 2010 commencement of tantalum and tin production.

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