

22 September 2008

PROJECT & CORPORATE UPDATE

- **Project financing for Abu Dabbab on track**
 - **Abu Dabbab EPCM contract negotiations well advanced for completion by end October '08**
 - **3 highly prospective tenements in Eritrea anticipated to be granted October '08**
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ABU DABBAB PROJECT FINANCE

Directors of Gippsland Limited ("Gippsland" or "the Company") [ASX, AIM: GIP, Deutsche Börse: GIX] do not foresee that the recent international financial instability will adversely affect project financing for the Company's world-scale 44.5 million tonne Abu Dabbab tantalum-tin project. Negotiations are presently in progress with KfW Bankengruppe which is owned 80% by the German Federal Government and 20% by the German federal states (Bundesländer). The KfW legal due diligence associated with the Abu Dabbab project is nearing completion.

USA INSTITUTIONAL SHAREHOLDING

An evaluation of the Gippsland share registries in the United Kingdom and Australia was recently carried out to identify potential exposure to USA-based institutional shareholders, who may be more exposed to financial instability. To the best knowledge of the Directors, the Company has no USA-based institutional shareholders, save for the Washington based [International Finance Corporation](#)^A which is part of the Standard and Poors AAA rated World Bank Group. Holding 25 million Gippsland shares (8.16%), the IFC is a substantial Gippsland shareholder.

ABU DABBAB EPCM

Detailed negotiations with several engineering groups for the Abu Dabbab Engineering, Procurement, Construction Management (EPCM) contract have been undertaken during the past three months. An EPCM contract is expected to be executed between the Company and the successful engineering group prior to the end of October 2008.

ABU DABBAB TANTALUM PRODUCT NOT RADIOACTIVE

Gippsland Directors see that recent industry participant announcements relating to tantalum feedstock price increases and possible shortages along with increasing tantalum end product prices, bodes well for the Abu Dabbab project which is predicted to set a new industry standard for low production costs whilst producing a premium grade product having a Ta₂O₅ content in excess of 40%. Importantly, the Abu Dabbab product will not be classified as an International Maritime Organisation (IMO) Class 7^B radioactive material as the combined U₃O₈ and ThO₂ will be well below the maximum limit of 0.1%. Most sources of tantalum feedstock have difficulty in achieving this 0.1% limit.

The Directors are very confident that the Abu Dabbab project will play a crucial role in the supply of tantalum feedstock to the global industry for several decades.

ERITREAN COPPER-GOLD TENEMENT APPLICATIONS

The Company's 100% owned subsidiary Nubian Resources PLC ("Nubian Resources") has made application for three highly prospective Prospecting Licences in the northern part of Eritrea. The Company would not normally announce the lodgement of tenement applications, however as the Eritrean Ministry of Energy and Mines has released details of the Nubian Resources applications in various internationally distributed publications, the Directors believe that disclosure of these

tenement applications to the general market is warranted.

These licences each of 100km² cover alteration targets identified from satellite interpretation and are prospective for base metal mineralisation similar to the world class Bisha volcanic massive sulphide (VMS) deposit located in south-western Eritrea. They are also similar in structure to the Sub-Sahara Resources NL Zara gold project located immediately to the south of the three Nubian Resources application areas.

The Company has been actively evaluating the regional mineral potential of the Arabian-Nubian Shield which is the host of Gippsland's 44.5 million tonne Abu Dabbab and 98 million tonne Nuweibi tantalum projects plus the Company's Wadi Allaqi gold copper-nickel prospects in Egypt.

The Arabian-Nubian shield extends over large parts of Egypt, Sudan, Ethiopia and Eritrea, Saudi Arabia and Jordan. In Eritrea a number of large base metal and gold deposits have recently been discovered. The Nevsun Resources Ltd Bisha base metal-gold deposit is due to commence production in 2009 and expected to produce around 1Moz of gold, 340kt of copper and 499kt of zinc over a ten year life. The Emba Derho project managed by Sunridge Gold Corporation near the capital Asmara is emerging as a 51 million tonne base metal-gold deposit containing 0.87Moz of gold, 453kt of copper and 1.043kt of zinc. Further north, to the immediate south of the Nubian Resources applications, the Sub-Sahara Resources NL Zara project contains slightly in excess of 1Moz of gold at a grade of 6.31g/t.

The Nubian Resources applications are in the same structural corridor as the 1Moz Zara project and a similar volcanic setting as that hosting the Bisha deposit. The Directors anticipate that the tenements will be granted during October 2008.

RJ (Jack) Telford
Executive Chairman
Gippsland Limited
www.gippslandltd.com

For further information please contact:

Jack Telford
Gippsland Limited
T: +61 8 9340 6000
E: jtelford@gippslandltd.com

Richard Hail
Fox-Davies Capital Ltd
T: +44 20 7936 5200
E: richard.hail@fdcap.com

John Gilbert
Fox-Davies Capital Ltd
T: +44 20 7936 5200
E: john.gilbert@fdcap.com

Nandita Sahgal
Seymour Pierce Limited
T: +44 20 7107 8000
E: nanditasahgal@seymourpierce.com

Matthew Thomas
Seymour Pierce Limited
T: +44 20 7107 8000
E: matthewthomas@seymourpierce.com

Jane Stacey
Investor Relations
M: +44 792 292 3306
E: jane@conduitpr.com

Fiona Hyland
Investor Relations
M: +44 777 600 5847
E: fiona@conduitpr.com

^A IFC fosters sustainable economic growth in developing countries by financing private sector investment, mobilising capital in the international financial markets, and providing advisory services to businesses and governments. IFC helps companies and financial institutions in emerging markets create jobs, generate tax revenues, improve corporate governance and environmental performance, and contribute to their local

communities. The goal is to improve lives, especially for the people who most need the benefits of growth. www.ifc.org/about

^B The shipment of IMO Class 7 radioactive materials is highly restricted by international shipping regulations to the extent that they are not permitted to enter the European Economic Zone, Japan and numerous other countries unless shipped by a dedicated vessel. The road transportation of IMO Class 7 materials within Europe and numerous other jurisdictions is extremely difficult to the point of being impractical.