

18 January 2011

**BOARD CHANGES TO EGYPTIAN OPERATING ENTITIES  
AND PROGRESS AT ABU DABBAB PROJECT**

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**HIGHLIGHTS**

- Tantalum Egypt and Nubian Resources hold AGMs in Cairo;
- Changes to membership of Tantalum Egypt and Nubian Resources boards;
- Further changes to the Executive Team;
- Completion of Coffey Mining technical review of Abu Dabbab project; and
- Commencement of final stages of the project ESIA.

**Corporate**

Gippsland Limited [ASX: 'GIP'; FRA: 'GIX'] ('Gippsland' or the 'Company') advises that Gippsland director and mining engineer, Mr John Dunlop, has been appointed to replace Mr RJ (Jack) Telford on the boards of Gippsland's subsidiary entities following the resignation of Mr Telford from the board of Gippsland Limited.

Mr Dunlop was also appointed to replace Mr Telford as Chairman on the boards of Tantalum Egypt JSC ('TE') and Nubian Resources JSC ('NR'). The board of each of these companies convened its respective annual general meeting in Cairo on 23 December 2010.

TE is the Egyptian operating company for the development of Gippsland's flagship Abu Dabbab Tantalum-Tin Project, whilst NR is the mineral exploration entity exploring for precious metals in the Wadi Allaqi region of the upper Nile. Gippsland provides the executive management and project expertise for both companies

The executive team (referred to in ASX release dated 26 November 2010) has been further strengthened by Mr John Dunlop, previously a non-executive director, assuming executive duties.

Following these changes, the executive team, responsible for the day to day operation of the Company is comprised of Mr Jon Starink, Mr John Dunlop, Mr Ayman Ayyash, Dr John Chisholm and Mr Geoff Hawkins, supported by Mr Ian Gandel, the Company's Chairman.

Mr Starink, a chemical engineer and chemist, has over 38 years experience in the mining industry and related sectors. His technical and operational experience includes project engineering, project management and process design, innovation and development. He also has an extensive background in corporate finance and strategic business development, senior executive management and administration, technical and financial project audit and evaluation and investment risk management. He is primarily responsible for project engineering, project management and process design and development and provides support in the areas of corporate finance, financial project audit and evaluation as required.

Mr John Dunlop, a mining engineer, has over 40 years of experience in the minerals industry, in Australia and overseas, including a number of new project start-ups. He is assuming primary responsibility for coordinating the Company's various corporate and business activities, investor and stakeholder relations, administrative oversight, new business development and regulatory compliance.

Ayman Ayyash holds a Bachelors of Science Degree in Civil Engineering (Hons) from the South Dakota State University. He is a Member of the Australian Institute of Engineers and the American Society of Civil Engineers. He has 26 years of experience as a professional engineer, having worked in various parts of the world including the USA, Australia, Gulf Arab states and North Africa where he was employed by a number of major international companies including Du Pont and BHP.



Mr Ayyash has a sound knowledge of the commercial and political environments in North Africa and the Middle East (MENA).

He is primarily responsible for liaison with authorities in Egypt, Eritrea and elsewhere in the Middle East, identifying new business opportunities in the area and is responsible for the day-to-day operations in those areas.

Dr John Chisholm is a geologist with over 40 years experience in mineral exploration worldwide covering a wide range of mineral commodities. Whilst he is primarily responsible for the formulation of and execution of the Company's exploration programmes, he provides valuable assistance in liaison with authorities in Egypt, Eritrea and elsewhere in the Middle East, in identifying and evaluating new business opportunities in the region.

Mr Geoff Hawkins, a Chartered Accountant with over 16 years experience in commercial accounting roles and public practice, has taken on duties associated with managing the Perth office, acting as a liaison between Directors/consultants/employees/suppliers and attending to various operational matters as required, in addition to his duties as the Company's CFO.

Mr Ian Gandel, the Company's chairman, has assumed primary responsibility for corporate and project finance and product sales and marketing and in particular has assumed responsibility for concluding a revised tantalum offtake agreement.

### **Coffey Mining Technical Review**

Coffey Mining Pty Ltd (Coffey Mining) was appointed as the Independent Engineer by the Company's prospective debt financiers to conduct an Independent Engineering Audit (IEA) on the Abu Dabbab Tantalum-Tin Project (the Project), located in Egypt. The purpose of the IEA was to validate the Company's Bankable Feasibility Study (BFS) and confirm that the proposed mining operations, processing facilities and associated infrastructure and services have been based on appropriate and adequate data and were developed in terms of sound engineering principles and generally accepted environmental guidelines and practice. The IEA was also to verify that the operation would achieve the planned output of metals within the detailed capital and operating cost budgets over the planned life of mine.

Coffey Mining was initially appointed in November 2008. Its activities were suspended in early 2009 pending resolution of outstanding matters in relation to the tantalum off take agreement ("OTA") between the Company and H.C Starck GmbH ("Starck").

In anticipation of a final resolution of the outstanding matters relating to the OTA, the Company requested in October 2010 that Coffey Mining complete the IEA. The Company is pleased to advise that it has now received a final draft of the IEA.

The IEA relied on existing information supplied by Gippsland and the basis of the audit was a review of the latest Feasibility Study (FS) Update compiled by Lycopodium Pty Ltd (Lycopodium) in September 2008 and addendums to this study update prepared in January and February 2009. The IEA considered all of the project's technical parameters and identified no material flaws in the project BFS. In relation to the project implementation, it noted, "No significant or unusual risks are associated with the Project construction and commissioning schedules", and also that, "There were no major environmental and permitting risks highlighted in this review."

### **Project ESIA**

Upon completion of the Lycopodium 2008 BFS, it became clear that the proposed use of raw sea water for process water, whilst avoiding the capital and operating expense entailed in the production of desalinated water, entailed substantial additional capital expense in the construction of tailings storage facilities appropriate for the protection of local ground water from infiltration by sea water. The reversion to the use of desalinated water was the subject of Lycopodium's January 2009 FS addendum. Following evaluation of alternative approaches to the supply of raw seawater and the disposal of waste brine by Lycopodium and Gippsland, it was proposed to source raw sea water directly by way of a seawater intake from the Red Sea. Raw sea water will be desalinated within the area of the Free Trade Zone whilst brine will be disposed of in coastal wells. This proposal required regulatory approval from a number of authorities for the onshore pipeline facilities.



The Company has secured the relevant regulatory approvals and is now in a position to update its ESIA to take account of the elimination of the use of sea water as process water and the consequential changes to the Tailings Storage Facility (TSF) and seawater intake and brine discharge facilities. Accordingly, TE has appointed its environmental consultants, Environics to prepare an ESIA study for the seawater intake and brine discharge activities, as well as prepare an update of the ESIA addendum (prepared in 2008) to take account of the changes to the TSF resulting from the use of desalinated process water. Environics is expected to deliver its report in the first quarter of 2011.

#### **Validation of SynCon Process**

In anticipation of securing appropriate project finance, the Company has appointed CRT Minerals, the Company's pyrometallurgical consultants, to prepare a test work program to validate the SynCon process and to accurately define key final equipment and process specification parameters. It is anticipated that a proposal for such work will be received by the end of January.

#### **Bathymetric Survey**

The Company has commenced a bathymetric survey of the seabed in the vicinity of Marsa Abu Dabbab in conjunction with its final design of the seawater intake facilities.

Further enquiries should be directed to the Chairman, or the Executive Team.

Yours faithfully

Ian Gandel  
Chairman  
61 (08) 9340 6000