

SECOND QUARTER ACTIVITIES REPORT

Period: September - December 2006
Release date: 30 January 2007

SUMMARY

- ❖ 40Mt Abu Dabbab tantalum project
 - ◆ Gippsland terminates Lead Debt Arranger Mandate with International Finance Corporation
 - ◆ Appointment of Linden Advisory & Consulting Services as Financial Advisor
 - ◆ Detailed project finance discussions in progress with European Banks
- ❖ Wadi Allaqi continues to yield significant results
 - ◆ 1,200m long zone of mineralisation defined by drilling at Seiga
 - ◆ Inferred Resource estimation completed at Seiga
 - ◆ Rockchip sampling identifies new zones of mineralization at Seiga
 - ◆ Potential for significant tonnages at mineable grades
- ❖ Company Presentations
 - ◆ London Minesite presentation stimulates highly positive responses from brokers & investors
 - ◆ Company to present at Indaba - Cape Town 6 to 8 February 2007
 - ◆ Company presentations Paris 21 February, Geneva 22 February & Zurich 23 February 2007

40Mt ABU DABBAB TANTALUM PROJECT

During the quarter the Company continued to make sound progress in regard to the Abu Dabbab project whilst taking steps to ensure that the commissioning of the project will take place in the shortest possible time frame.

INTERNATIONAL FINANCE CORPORATION

On 7 March 2006, the Company") announced that the International Finance Corporation ("IFC") had been mandated ("the Mandate") as Lead Debt Arranger for Gippsland's 40 million tonne Abu Dabbab Tantalum-Tin project in Egypt.

During the quarter the Company announced that it has cancelled the IFC Mandate in order to pursue alternative sources of finance.

The cancellation of the IFC Mandate does not preclude the IFC from participating in the provision of finance for the Project.

APPOINTMENT OF LINDEN ADVISORY & CONSULTING SERVICES

Following the cancellation of the IFC Mandate, the Company appointment Linden Advisory & Consulting Services as Financial Advisor to assist in the arrangement of project finance for the Abu Dabbab project.

Linden Advisory & Consulting Services www.eikelinden.com based in Frankfurt Germany, is headed by Dr Eike von der Linden, an internationally recognised authority in regard to industrial and resource projects world-wide. Dr von der Linden is well connected to the global tantalum industry and has a close working relationship with a number of German banks involved in the financing of natural resource projects.

Linden Advisory & Consulting Services has completed a technical and financial review of the Abu Dabbab feasibility study and is presently assisting the Company in discussions with potential investors and a select number of European project finance banks.

WADI ALLAQI GOLD EXPLORATION

During the quarter, the Company's Wadi Allaqi gold exploration drilling programme continued to yield most encouraging results at the Seiga and Shashoba prospects.

SEIGA

During the quarter, work included some infill drilling within the main zone of mineralisation adjacent to historical workings, some follow-up drilling of anomalous drilling results along strike from the historical workings and completion of the reconnaissance drilling along the shear zone.

Table 1: Summary of best Seiga drilling intersections

Hole	Intersection (m)	Interval (m)	Gold grade (g/t)
CRC052	12 - 30	18	0.37
CRC053	1 - 12	11	0.62
CRC056	40 - 88	48	1.60
including	60 - 68	8	7.75
CRC057	20 - 52	32	0.52
CRC058	40 - 76	36	1.04
including	40 - 48	8	3.24
CRC059	1 - 24	23	1.16
CRC060	32 - 60	28	1.30
including	32 - 44	12	2.23
CRC065	1 - 56	55	0.19

CRC068	1 - 4	3	2.78
and	24 - 48	24	0.53
CRC069	16 - 40	44	0.64
including	20 - 32	12	1.18
CRC074	1 - 16	15	0.61
CRC075	1 - 16	15	1.64
CRC077	4 - 8	4	0.51
CRC078	4 - 32	26	0.50

The drilling results confirm the presence of a zone of discontinuous mineralisation within the shear system occurring over a strike length of at least 1,200m.

INFILL DRILLING

The infill drilling consisted of five RC holes to test a 220m gap in the previous drilling. Hole CRC056 returned 48m at 1.60g/t Au from 40m depth, including 8m at 7.75g/t Au from 60m depth. This hole is located 50m north of the previously drilled hole CRC013 which intersected 24m at 5.21g/t Au from 48m.

Hole CRC058 drilled 90m to the north of CRC056 intersected 36m at 1.04g/t Au from 40m including 8m at 3.24g/t Au from 40m. Hole CRC057 was drilled 10m north of CRC058 but from the opposite direction and intersected 32m at 0.52g/t Au from 20m.

Hole CRC060 drilled 40m to the north of holes CRC057 and 058 intersected 28m at 1.30g/t Au from 32m including 12m at 2.23g/t Au from 32m.

Hole CRC059 drill along the previously drilled section containing holes CRC014 to 016 and 28m north of Hole CRC060 intersected 23m at 1.16g/t Au from 1m depth.

FOLLOW-UP DRILLING

The follow-up drilling tested gold anomalies in the first-pass drilling. Hole CRC065 tested a gold intersection in Hole CRC017 which was at the eastern end of the drill profile. The hole intersected 55m at 0.19g/t Au from 1m.

A second zone of mineralisation is located slightly to the east of the zone containing the historical workings. This zone was intersected in a number of holes during the first-pass drilling and generally in the last hole in the profile. Follow-up drilling along this zone returned significant results in two holes and resulted in the location of a third zone of mineralisation located further to the east.

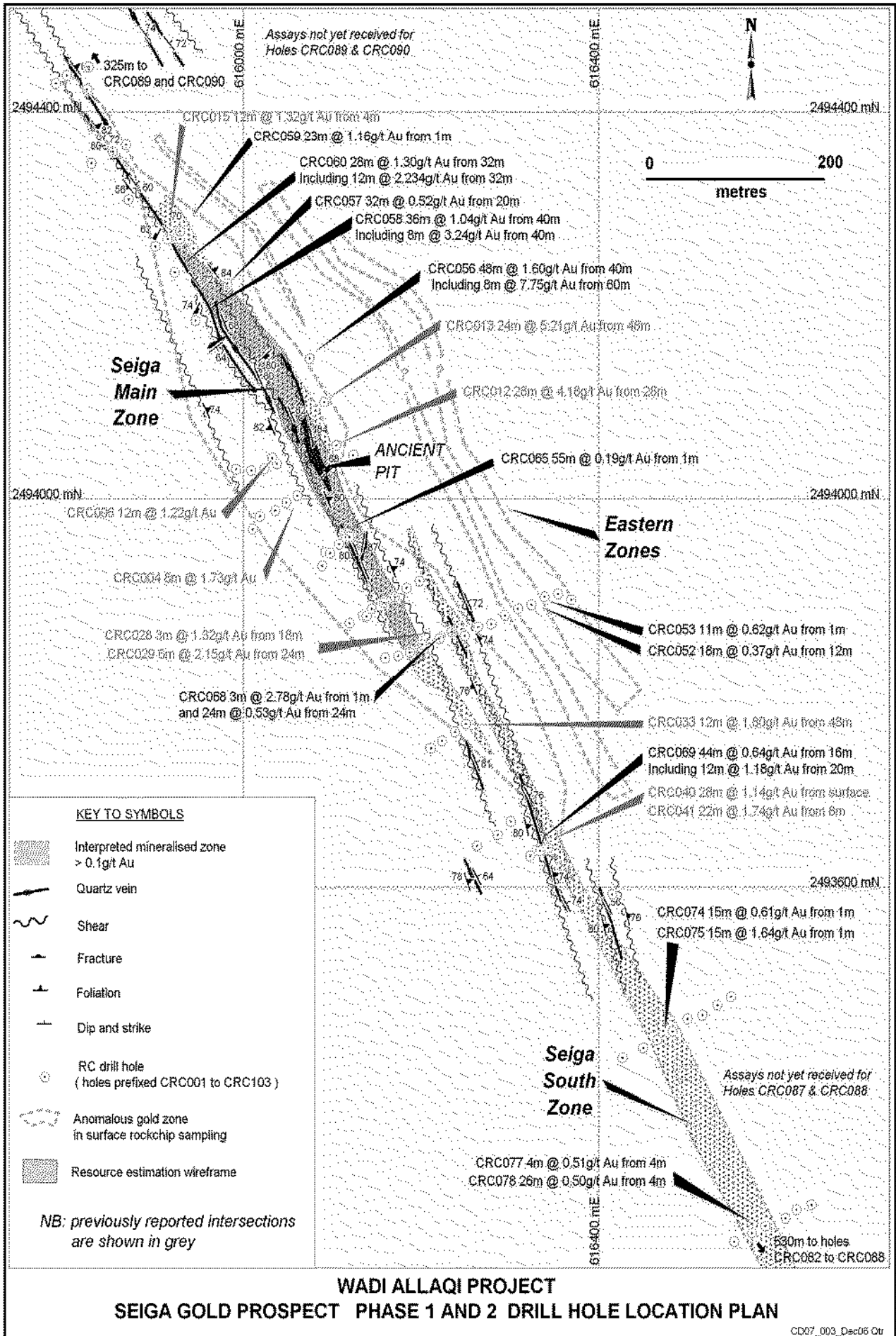
Hole CRC068 returned 3m at 2.78g/t Au from 1m and 24m at 0.53g/t Au from 24m. Hole CRC069 intersected 44m at 0.64g/t Au from 16m including 12m at 1.18g/t Au from 20m.

Significant intersections returned from the third mineralised zone include 11m at 0.62g/t Au from 1m in CRC053 and 18m at 0.37g/t Au from 12m in hole CRC052.

RECONNAISSANCE DRILLING

The drilling is part of reconnaissance drilling to the north and south of the main zone of mineralisation adjacent to historical workings along the Seiga shear zone. The results of four reconnaissance holes (CRC087 - 090) located to the north and south of the shear zone are still outstanding.

The drilling extends the known strike length of mineralisation within the shear system for at least a further 300m to the south giving a total strike length of at least 1,200m.



ROCK-CHIP SAMPLING

A programme of rock-chip sampling along sixteen profiles was completed at Seiga as an aid to identifying parallel zones of mineralisation located to the east of the ancient workings. The results of the sampling clearly identified the main zone of mineralisation with profile CP12 containing 80m at 1.76g/t Au which included 15m at 3.23g/t Au. The results of profiles CP19 to 21 are yet to be received.

The sampling identified two separate zones of mineralisation located to the east of the main zone over an interpreted strike length of approximately 800m. The best result included 25m at 1.14g/t Au in the eastern part of profile CP15. This anomaly is coincident with mineralisation previously intersected in holes CRC052 and CRC053 which returned values of 18m at 0.36g/t Au and 11m at 0.62g/t Au respectively. Four separate zones of mineralisation have now been located at Seiga.

Table 2: Seiga - Summary of best rock-chip results

Profile	From - To (m)	Interval (m)	Gold grade (g/t)
CP10	10 - 25	15	1.59
CP11	60 - 70	10	1.64
CP12	5 - 75	70	0.51
including	15 - 30	15	0.50
and	40 - 75	35	1.99
CP15	115 - 120	5	4.34
CP16	30 - 45	5	0.80

JORC RESOURCE ESTIMATION

A preliminary resource estimation was completed by the Company's geologists for a 525m strike length of the Seiga main zone incorporating the results of 25 RC drill holes.

The inferred resources total 1.1Mt at 2.3g/t (uncut) and 2.0g/t (10g/t cut) to a maximum depth of 150m and a global SG of 2.5 at a 0.7g/t cut-off. The estimation method was by ore block modelling constrained within a wireframe model interpreted from drilling along ten sections.

Table 3: Seiga Main Zone - Inferred Resources ^A

Cut-off (g/t)	Tonnes (Mt)	Au-uncut (g/t)	Au-10g/t cut (g/t)	Au (oz)
1.0	0.8	3.0	2.5	76,000
0.7	1.1	2.3	2.0	85,000
0.5	1.5	1.7	1.6	93,000
0.4	1.9	1.6	1.4	98,000

Figures in table may not tally due to rounding

The Company's Wadi Allaqi tenements, of which Seiga is a part, are the subject of a 50:50 joint venture with the Egyptian Mineral Resources Authority.

The area included in the resource estimation comprises only a small part of the mineralised shear system. As drilling progresses, additional resources are expected to be defined below the current resources and also in close proximity to the Seiga main zone, along the Seiga south zone and in the two eastern zones. Drilling within the Seiga south zone mineralisation located to the southeast which is at least 800m long and contains some previously reported intersections that include 28m at 1.14g/t Au in CRC040, 22m at 1.74g/t Au in CRC041 and 12m at 1.18g/t Au in CRC069.

A further two mineralised zones have been identified by rock-chip sampling and limited drilling located to the east.

The Director's are encouraged by the results of the resource estimation as they show that the prospect has the potential for significant tonnages at mineable grades.

Drilling is proposed to test the Seiga main zone at depth as this has the potential to significantly increase the resources.

SHASHOBA

Seventeen RC drill holes were completed at the Shashoba prospect totalling 738m. The drilling followed-up some previous drilling around historical workings, a new area of minor workings in the north and a geochemical anomaly in the south. The assay results are still outstanding.

GARAYAT

A programme of RC drilling to test the historical workings at the Garayat gold mine was commenced during the quarter. A total of eight holes totalling 576m were completed prior to the Christmas break with a further 15 holes to be completed during January.

INTERNATIONAL EXPOSURE & INTEREST

During January 2007 the Company made a presentation regarding both Abu Dabbab and Wadi Allaqi at the MineSite www.minesite.com conference in London which generated considerable interest in the Company.

The Company will make a similar presentation at the INDABA conference being held in Cape Town South Africa 6 - 8 February 2007. Gippsland will occupy display booth № 910.0 at Indaba www.iiconf.com.

Because of the high level of European interest in the Abu Dabbab project, investor meetings and presentations will be held in Paris on 21 February, in Geneva on 22 February and in Zurich on 23 February 2007.

NEW HEAD OFFICE LOCATION

To cater for Gippsland's expanding operations, the Company has relocated its Australian head office as shown on this letterhead.

RJ (Jack) Telford
Executive Chairman

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Note: In accordance with Listing Rule 5.6 of the Australian Stock Exchange Limited and Part 2 of the AIM Guidance Notes for Mining, Oil and Gas Companies, the geological information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on data compiled by Dr John Chisholm, a Fellow of The Australasian Institute of Mining and Metallurgy. Dr Chisholm who is an Executive Director of Gippsland Limited with over 25 years experience in the mineral industry including the evaluation of exploration data, mineral resources and ore reserves, has consented to the issue of the information in this report in the form and context in which it appears.

APPENDIX 1

Hole	Prospect	Easting	Northing	RL	Az	Dip	Depth (m)
CRC046	Seiga	616166	2493837	500	60	-56	60
CRC047	Seiga	616246	2493860	500	60	-54	30
CRC048	Seiga	616262	2493869	500	60	-55	30
CRC049	Seiga	616280	2493872	500	60	-60	30
CRC050	Seiga	616287	2493881	500	60	-57	30
CRC051	Seiga	616310	2493888	500	60	-60	30
CRC052	Seiga	616328	2493892	500	60	-60	30
CRC053	Seiga	616336	2493900	500	60	-58	30
CRC054	Seiga	616352	2493903	500	65	-59	30
CRC055	Seiga	616373	2493897	500	60	-58	30
CRC056	Seiga	616075	2494146	500	255	-55	99
CRC057	Seiga	615982	2494223	500	235	-55	57
CRC058	Seiga	615946	2494185	500	60	-57	99
CRC059	Seiga	615929	2494269	500	240	-62	42
CRC060	Seiga	615923	2494235	500	60	-61	60
CRC061	Seiga	615789	2494430	500	60	-60	30
CRC062	Seiga	615801	2494438	500	60	-60	30
CRC063	Seiga	615826	2494447	500	60	-60	30
CRC064	Seiga	615824	2494424	500	60	-60	30
CRC065	Seiga	616115	2493964	500	60	-60	60
CRC066	Seiga	616093	2493946	500	60	-60	60
CRC067	Seiga	616139	2493880	500	60	-60	60
CRC068	Seiga	616222	2493859	500	60	-60	60
CRC069	Seiga	616330	2493639	500	60	-60	60
CRC070	Seiga	616415	2493593	500	240	-61	51
CRC071	Seiga	616500	2493464	500	60	-60	30
CRC072	Seiga	616427	2493424	500	65	-60	30
CRC073	Seiga	616450	2493434	500	65	-60	30
CRC074	Seiga	616466	2493442	500	65	-60	30
CRC075	Seiga	616483	2493451	500	65	-60	30
CRC076	Seiga	616553	2493235	500	60	-60	30
CRC077	Seiga	616573	2493244	500	60	-60	30
CRC078	Seiga	616588	2493251	500	60	-60	30
CRC079	Seiga	616611	2493259	500	60	-60	30
CRC080	Seiga	616623	2493268	500	60	-60	30
CRC081	Seiga	616640	2493273	500	60	-60	21
CRC082	Seiga	616956	2492846	500	60	-60	21
CRC083	Seiga	616974	2492853	500	60	-60	21
CRC084	Seiga	616993	2492863	500	60	-60	21
CRC085	Seiga	617010	2492871	500	60	-60	21
CRC086	Seiga	617025	2492878	500	60	-60	21
CRC087	Seiga	617046	2492887	500	60	-60	21
CRC088	Seiga	617063	2492897	500	60	-60	21
CRC089	Seiga	615576	2494739	500	60	-60	21
CRC090	Seiga	615563	2494732	500	60	-60	30
CRC091	Seiga	615629	2494650	500	60	-60	30
CRC092	Seiga	615659	2494667	500	60	-60	18
CRC093	Seiga	615684	2494676	500	60	-60	15
CRC094	Seiga	615708	2494639	500	60	-60	15
CRC095	Seiga	615737	2494509	500	65	-60	21
CRC096	Seiga	615773	2494527	500	60	-60	21
CRC097	Seiga	615809	2494548	500	60	-60	21
CRC098	Seiga	615842	2494573	500	60	-60	15
CRC099	Seiga	615829	2494347	500	60	-60	39

CRC100	Seiga	615853	2494359	500	65	-60	39
CRC101	Seiga	615868	2494366	500	60	-60	39
CRC102	Seiga	615871	2494310	500	60	-60	90
CRC103	Seiga	615944	2494259	500	60	-60	60
GRC013	Garayat	538586	2496524	500	90	-60	90
GRC014	Garayat	538606	2496404	500	80	-60	81
GRC015	Garayat	538648	2496333	500	80	-60	90
GRC016	Garayat	538661	2496243	500	75	-60	66
GRC017	Garayat	538613	2496524	500	90	-60	60
GRC018	Garayat	538558	2496522	500	90	-60	60
GRC019	Garayat	538657	2496105	500	80	-60	69
GRC020	Garayat	538728	2496059	500	235	-60	60
SRC041	Shashoba	621990	2491338	500	245	-60	30
SRC042	Shashoba	621888	2491304	500	240	-60	39
SRC043	Shashoba	621873	2491294	500	240	-60	39
SRC044	Shashoba	621942	2491131	500	235	-60	39
SRC045	Shashoba	621928	2491122	500	235	-60	39
SRC046	Shashoba	621910	2491105	500	235	-60	39
SRC047	Shashoba	621899	2491092	500	230	-60	39
SRC048	Shashoba	621849	2491401	500	55	-60	60
SRC049	Shashoba	621874	2491427	500	55	-60	60
SRC050	Shashoba	621869	2491471	500	80	-60	81
SRC051	Shashoba	621635	2491507	500	260	-60	39
SRC052	Shashoba	621608	2491510	500	265	-60	39
SRC053	Shashoba	621590	2491506	500	265	-60	39
SRC054	Shashoba	621617	2491619	500	265	-60	39
SRC055	Shashoba	621599	2491616	500	265	-60	39
SRC056	Shashoba	621582	2491610	500	265	-60	39
SRC057	Shashoba	621560	2491610	500	265	-60	39

^A Resource estimation methodology and classification is consistent, unless specifically stated to the contrary, with the Australasian Code for Reporting of Exploration Results, Identified Mineral Resources and Ore Reserves and included Guidelines to the Reporting of Identified Mineral Resources and Ore Reserves (Code) as per the Joint Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Australian Mining Industry Council (JORC) and dated December, 2004.