

FOURTH QUARTER ACTIVITIES REPORT

Period: April - June 2010
Release Date: 30 July 2010

The Directors of Gippsland Limited ('Gippsland' or 'the Company') [ASX: GIP, FRA: GIX] provide the following Activities Report for the period April - June 2010, *together with details of events up to the date of this report.*

EGYPT - ABU DABBAB TANTALUM-TIN PROJECT

Tantalum Offtake Agreement

Gippsland has an Offtake Agreement with the German tantalum refiner HC Starck GmbH, whereby HC Starck has contracted to purchase 600,000 pounds per year of Abu Dabbab tantalum (in the form of tantalum pentoxide – Ta₂O₅) for a period of ten years.

The Company is presently in negotiation with HC Starck regarding revised terms of the Offtake Agreement to reflect the production of a synthetic tantalum concentrate ('SynCon') having a higher Ta₂O₅ content and therefore a higher value. HC Starck has stipulated that the SynCon is its preferred product for their tantalum refining process as it reduces transportation costs, consumption of processing reagents and the disposal of waste products whilst largely eliminating the need to dispose of wastes in specialised underground storage repositories in Germany.

Whilst these HC Starck discussions are in progress, the Company has also entered into discussions with other tantalum refiners.

The Company has previously advised the market that its proposed financing for the Abu Dabbab project with KfW-IPEX Bank GmbH was well advanced. Prior to the onset of the global financial crisis, the legal and technical due diligence had been largely completed by the bankers. A key outstanding part of the financing arrangement is the revised terms of the Offtake Agreement with HC Starck to take into account the delivery of the tantalum SynCon. The financing discussions await completion of negotiations with HC Starck, or other tantalum refiners.

In November 2009, it was estimated that detailed engineering and construction would be commenced by 2010 with commissioning in 2012, however based upon the assumption that the HC Starck negotiations are finalised in the near future, commissioning is now expected to commence during the first quarter of 2013.

Conflict Tantalum

On 15 July 2010, the international tantalum market underwent a dramatic change with the passing of a ground-breaking new bill by the United States Senate, which will help to lift the curse of corruption and conflict from poor countries that are rich in minerals by promoting greater public oversight and responsible trading practices. The sale of such conflict minerals has fuelled a 15-year war in the Democratic Republic of Congo ('DRC').

The war in DRC began after the 1994 genocide in neighbouring Rwanda, which sent streams of militiamen across the border. Congolese activists, UN experts and non-governmental groups such as Global Witness have expressed strong concern that armed Congolese groups are financing themselves through minerals such as tantalum, tin and tungsten. The minerals are extracted from remote DRC mines and smuggled to

Rwanda and neighbouring countries. The DRC is the source of less than one-fifth of the world's tantalum, as well as smaller percentages of the other two minerals.

The US 'conflict minerals' law is the first of its kind in the world, requiring companies to use independent experts to certify whether their minerals are conflict-free.

Provisions in the Bill will require mining companies registered with the US Securities and Exchange Commission to publicly disclose if they are sourcing conflict minerals from the DRC or adjoining countries. Companies will have to detail the measures they have taken to avoid sourcing these minerals from DRC armed groups. The bill also requires that all information disclosed be independently audited.

The passing of the Bill will largely enable the global tantalum market price to reach a proper level which is not suppressed by low cost conflict tantalum produced using slave labour.

Tantalum Price

The long predicted shortage in the global tantalum supply and the passing of the US Conflict Minerals Bill are now having a dramatic effect on the international tantalum market, with the spot market price increasing from US\$38 per pound in December 2009 to the present price of approximately US\$80 per pound.

The shortage is expected to continue through to at least 2013, by which time Abu Dabbab is expected to largely satisfy demand with its initial production of in excess of 650,000 pounds of tantalum per year.

Canadian 43-101 Resources and Reserves Classification

Gippsland has commissioned an independent geological consultant to prepare a Mineral Resources and Ore Reserves Report in relation to the Company's Abu Dabbab and Nuweibi tantalum deposits that will comply with the reporting requirements set forth in the Canadian National Instrument 43-101.

While the Australian JORC Code^A classification is accepted worldwide, the North American market is in general more familiar with, and tends to rely more upon, the broadly similar Canadian 43-101 classification in relation to Mineral Resources & Ore Reserves.

The preparation of a Mineral Resources & Ore Reserves Report compliant with the Canadian 43-101 classification will greatly assist in positioning the Company in the North American capital markets and in marketing the Company's tantalum products to North American customers, and elsewhere.

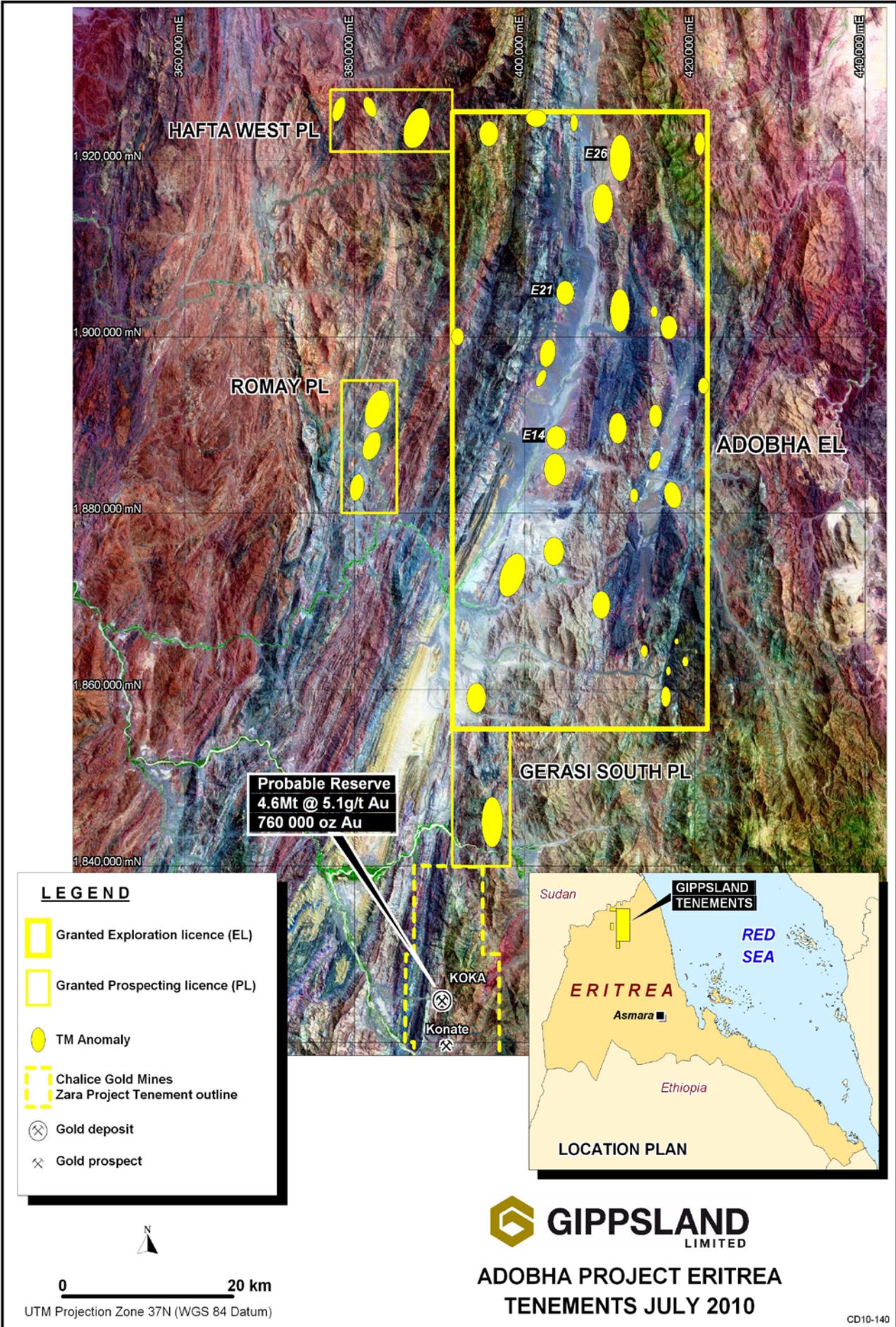
Gippsland's Mineral Resources & Ore Reserves for its 44.5 million tonne Abu Dabbab and 98 million tonne Nuweibi deposits comply with the Australian JORC Code.

ERITREA – ADOBHA PROJECT

During May the Company completed a programme of geochemical sampling and geological mapping to follow up some very encouraging results obtained from an earlier reconnaissance drainage geochemical survey of Thematic Mapper ('TM') anomalies, which yielded anomalous base metal values from two target areas (E21 & E26) and anomalous gold values from target area E14.

Visible copper in the form of malachite (copper carbonate) was located in rocks in the drainage channels in target areas E21 & E26 and followed to the source where malachite was located in the bedrock. Geological mapping identified a thick sequence of felsic volcanic tuffs and breccias, some of which contained chloritic-ferruginous-silica alteration and disseminated galena (lead sulphide), all of which are favourable host rock types for volcanogenic massive sulphide (VMS) deposits.

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TM Anomaly E21

Malachite was located in detrital rocks in channels draining a strike length of approximately 2km of the stratigraphic succession. Prospecting along these drainage channels resulted in malachite being located in bedrock discontinuously over a strike length of about 1.7km. High base metal values were reported, including 0.97% Pb in a sample of chlorite schist.

TM Anomaly E26

The best results were obtained from the central part of TM anomaly E26 where field examination identified discontinuous malachite in bedrock over a width of at least 390m and a strike length of some 520m. High copper values were returned from rock-chip sampling, with the highest assay being 10.63% Cu in a sample of altered felsic volcanic. The systematic sampling along the profiles revealed widespread copper mineralisation which included a best assay of 0.29% Cu over a 10m interval in profile T26-02. A traverse approximately 2.5km to the north located samples of mineralised float in the drainage channel that returned values of 0.81%, 0.30% & 1.49% Cu and 0.54, 1.37 & 1.15g/t Au respectively. The bedrock source of these samples has not yet been located. Details of this sampling were released in June 2010.

The Company intends to continue exploration in this very prospective area and was recently granted a 2,100km² Exploration Licence plus three new 100km² Prospecting Licences (total 2,400km²). The large Exploration Licence covers the Company's three original Prospecting Licences granted during September 2009 plus a number of other Prospecting Licence areas which were previously in the application stage. The new Licences secure a large area around the promising base metal prospects discovered by the Company.

KINGDOM OF SAUDI ARABIA

The Company announced that a Memorandum of Understanding was signed on 30 May 2010 with HRH Princess Ghada Bint Humoud Bin Abdul Aziz of the Kingdom of Saudi Arabia ('KSA') to investigate various mineral projects located within the Arabian-Nubian Shield of the KSA.

Gippsland has developed an extensive geological database and knowledge of the Arabian-Nubian Shield and is presently exploring for gold and base metals in the Arabian-Nubian Shield in Eritrea where the Company is targeting large VMS deposits.

In recent years the Arabian-Nubian Shield has yielded a number of major mineral resource projects containing gold and base metals (copper, lead & zinc). This initiative is expected to greatly enhance the Company's footprint in this highly mineral endowed yet greatly under explored province.

AUSTRALIA – HEEMSKIRK TIN DEPOSIT

The Heemskirk Tin Project, at Zeehan Tasmania, collectively comprises Australia's largest known undeveloped hard rock tin deposit; the Queen Hill, Severn, and Montana deposits. During the past year, Gippsland's joint venture partner Stellar Resources Ltd (ASX: Code SRZ) undertook a review of the historical drill data, focusing on Queen Hill, the shallowest of the three deposits, with the objective of selecting near surface drill targets for infill drilling.

During June 2010 Stellar Resources commenced a diamond core drilling program at Heemskirk Tin Project to sample mineralisation at Queen Hill to provide assay and metallurgical data to update the historical data base. The first two holes shown in Figure 2 were completed during the quarter and returned the following intersections:

- ❖ QH2980-1: Intersected 6.0m grading 1.22% tin from 64m (Best result was 1.0m at 2.2% tin from 69m)
- ❖ QH2980-2: Intersected 4.3m grading 0.92% tin from 75.7m (Best result was 0.7m at 2.45% tin from 75.7m)

The tin mineralisation is hosted by quartz/pyrite fracture filling and siderite altered volcanogenic rocks towards the base of the target zone shown in Figure 2. These preliminary results serve to better define the mineralised zone and indicate good grades over potentially mineable widths.

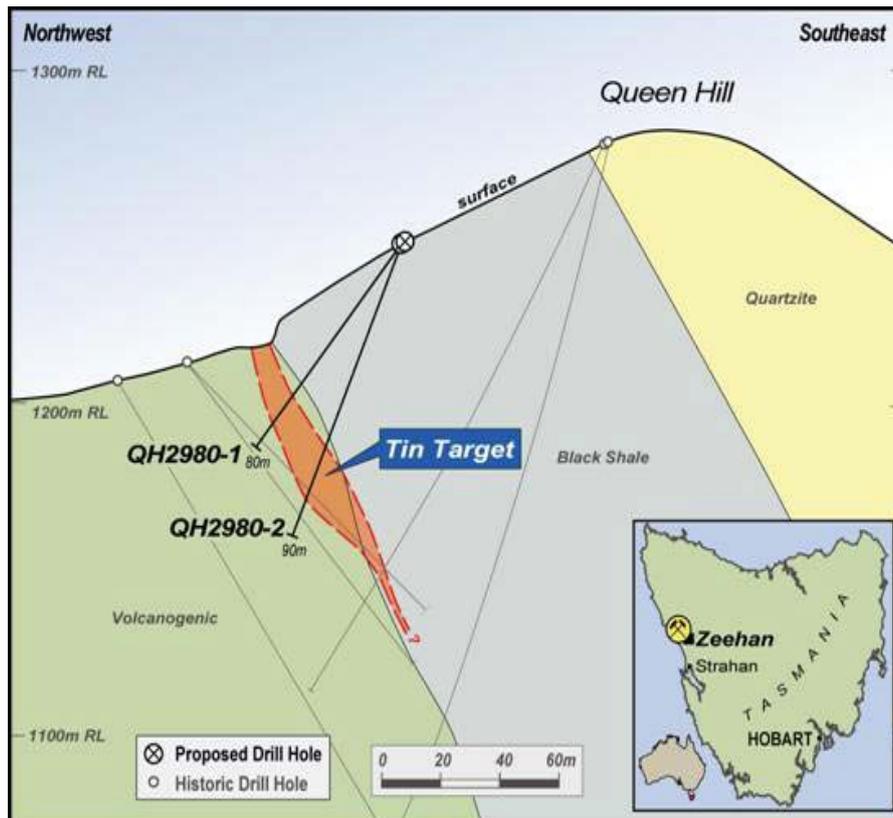


Figure 2: Heemskirk Tin Project – Schematic Drill Section 2980 - Queen Hill

Once all holes are completed a metallurgical testing program will be undertaken to determine the optimum processing route and expected tin recovery. The presence of the tin sulphide mineral stannite, can present processing problems. However, the negligible level of acid soluble tin in the first two holes suggests that little stannite exists in these samples.

Under the terms of the Joint Venture Agreement, Stellar Resources has the right to increase its Heemskirk ownership from 60% to 70% subject to a number of conditions precedent. The conditions precedent include the requirement that Stellar Resources complete a comprehensive feasibility study including a recommendation that commercial development be undertaken with a view to commence mining operations.

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Note:

In accordance with Listing Rule 5.6 of the Australian Stock Exchange Limited, 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 has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Chisholm consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

^A Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Mineral Council of Australia (JORC Code)