

6 April 2011

**ABU DABBAB – ALLUVIAL TIN PROJECT UPDATE
TRIAL MINING COMMENCES**

Gippsland Limited ('Gippsland' or the 'Company') [ASX: GIP, FRA: GIX] provides the following update for the program of trial mining (the "Abu Dabbab Alluvial Tin Project") in Egypt announced on 31 January 2011.

The Directors are pleased to advise that the trailer mounted alluvial separator has been delivered to site and all ancillary equipment and services have been installed. Trial mining of more than 1,000 cubic metres of material and on-site processing has commenced. The programme is expected to be completed within two months and will involve excavating at least five costeans across the entire width of the two placer deposits

The Directors are also pleased to announce the completion of a programme of sampling and size analysis of the alluvial material which was conducted as a prelude to the trial mining. A series of 30kg samples were collected and screened into seven size fractions, crushed to -1mm and the heavy minerals recovered for mineralogical analysis to confirm earlier results and provide information relating to cassiterite and wolframite deportment. Final assay data is pending. Selected samples have been collected for analysis in Perth to determine grain size distribution and size liberation data.

The trial mining programme is a prelude to the full-scale mining of two placer tin deposits at Abu Dabbab which, subject to the results of the trial mining, the Company plans to commence during 2011. The placers are known as Wadi Mubarak and Wadi Quaria and are located adjacent to the Abu Dabbab tin-tantalum-feldspar deposit.

The objectives of the trial mining programme include confirmation of the recoverable grade of tin and related minerals, re-evaluation of recoverable resources based on a lower cut-off grade, validation of the simple conceptual process flowsheet and the development of commercially sized equipment design and specification criteria. Subject to a successful outcome of the trial mining programme, the Company intends to commence commercial operations at the earliest opportunity with a view to exploiting the resource over a 12-month operating time frame.

The placers were first explored during the early 1970s by a joint Egyptian-Soviet expedition. Sampling data produced by the programme was re-evaluated and a new resource estimation completed by Gippsland in 2008, using a high tin cut off grade of 1.2kg/m³, which identified an Inferred Resource of 438,000m³ of alluvium containing 759t of recoverable tin metal. A short programme of re-sampling of the pits excavated during the early 1970s as part of the Soviet exploration programme was completed during 2009 and confirmed the presence of cassiterite and wolframite at commercially exploitable levels.

I Gandel
Chairman
Gippsland Limited

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For further information please contact

Geoff Hawkins
Gippsland Limited

T: +61 8 9340 6000

E: info@gippslandltd.com.au

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 mineralization 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.

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