

11 April 2011

## ABU DABBAB – PROJECT UPDATE

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Gippsland Limited ('Gippsland' or the 'Company') [ASX: GIP, FRA: GIX] provides the following update in relation to the Abu Dabbab Project.

### Highlights

- Private Free Zone Security Fence nears completion;
- Water pipeline route finalised and surveyed;
- Coastal seabed survey completed;
- Feldspar shipping port studies progressing; and
- Revised environmental impact study nearing completion.

### *Progress on Private Free Zone Security Fence Construction*

The Company commenced construction of a 3.5 metre-high brick security fence enclosing the Abu Dabbab Private Free Zone (PFZ) site leased from EMRA in compliance with the General Authority for Investment (GAFI) requirements. The structures undergoing completion include a GAFI and Customs Office as seen in the foreground of the image below.

The initial works are expected to be completed as soon as the fourth side of the compound is closed with a chain wire fence.



Figure 1: Construction Progress as at 5 April 2011

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**Pipeline Route Survey Completed**

The Company secured approval for a corridor linking the Project's Private Free Zone location to the shore of the Red Sea. This land corridor has been surveyed in and provision allowed for a desalination plant and saltwater brine injection bores (Diagrams 2 & 3).

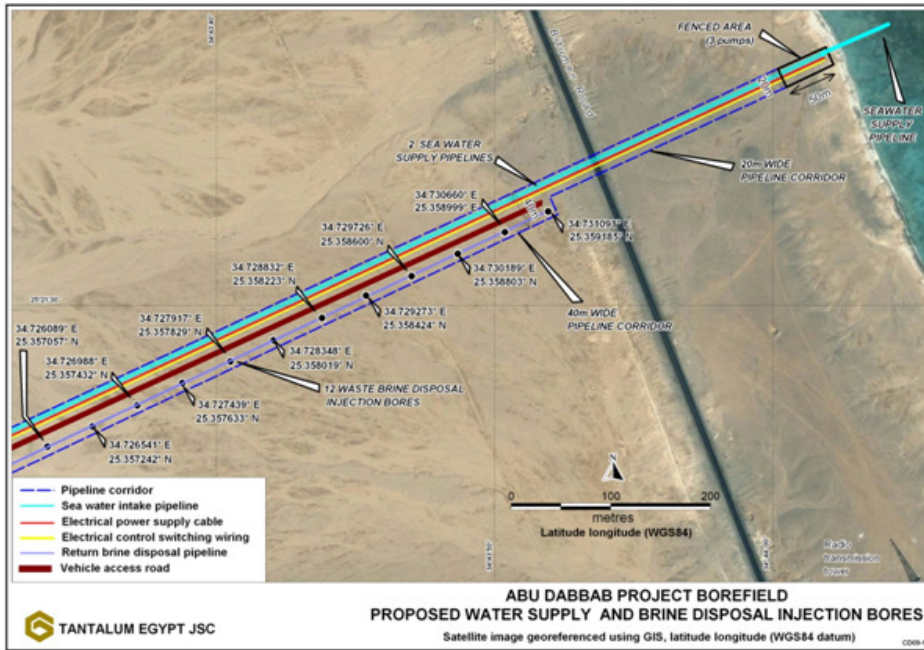


Diagram 2: Location of Water Supply Corridor and Brine Injection Bores

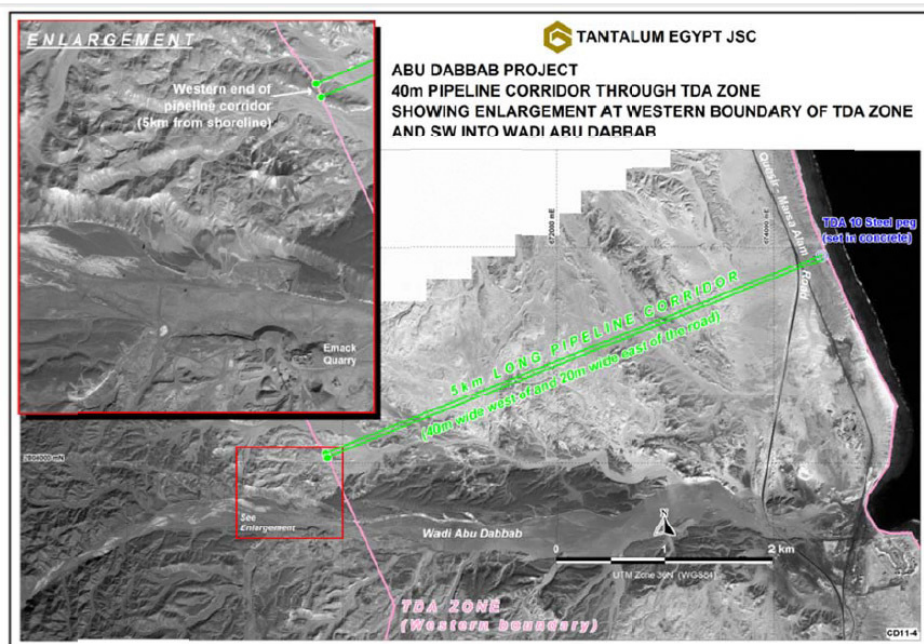


Diagram 3: Satellite Image Showing Pipeline Corridor in relation to the GAFI PFZ site and Red Sea Shore

**Coastal Seabed Survey Completed**

The Directors are pleased to announce that a detailed seabed survey of the Red Sea shore in the vicinity of the proposed location of the Project's sea water intake pipeline corridor (and proposed future feldspar ship loading facility) has been completed. A survey on two parallel lines 500 metres north and south of the area was also completed (Diagram 4).

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Diagram 4: Location of Bathymetric Survey Lines

Diagram 5 summarises the results of the recently completed survey in the vicinity of the centre survey line. The data for the other two survey lines 500 metres to the south and north indicate that there was no material difference in the profile results.

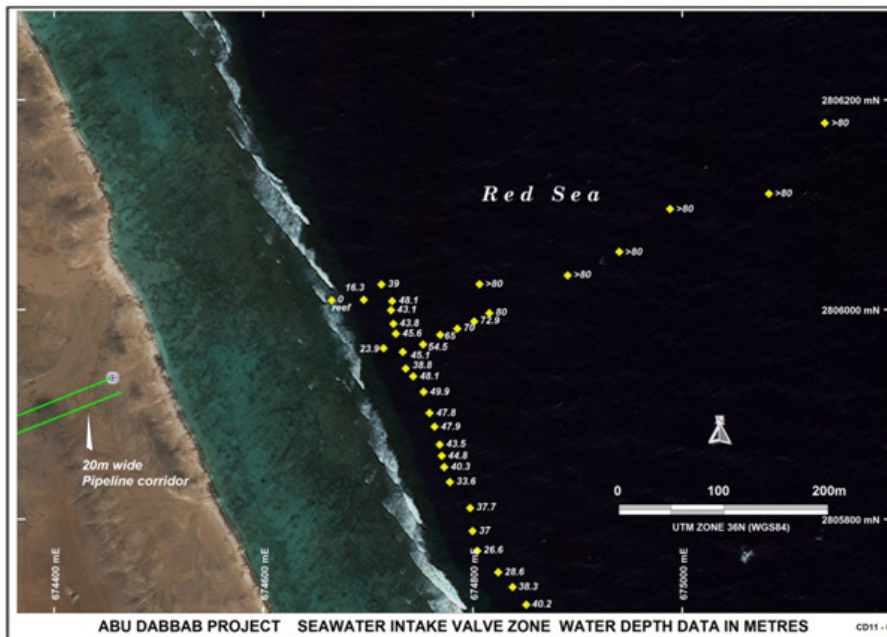


Diagram 5: Bathymetric Survey Data Points

The information confirms that in the immediate vicinity of the pipeline corridor the profile of the seabed comprises a shallow shelf extending approximately 150 metres to a narrow coral reef and a very abrupt change at the reef outer margin with a very steep slope (~45°) to a depth of more than 80 metres within 100 metres of the reef outer margin as is illustrated in the diagrams 6 & 7 below.

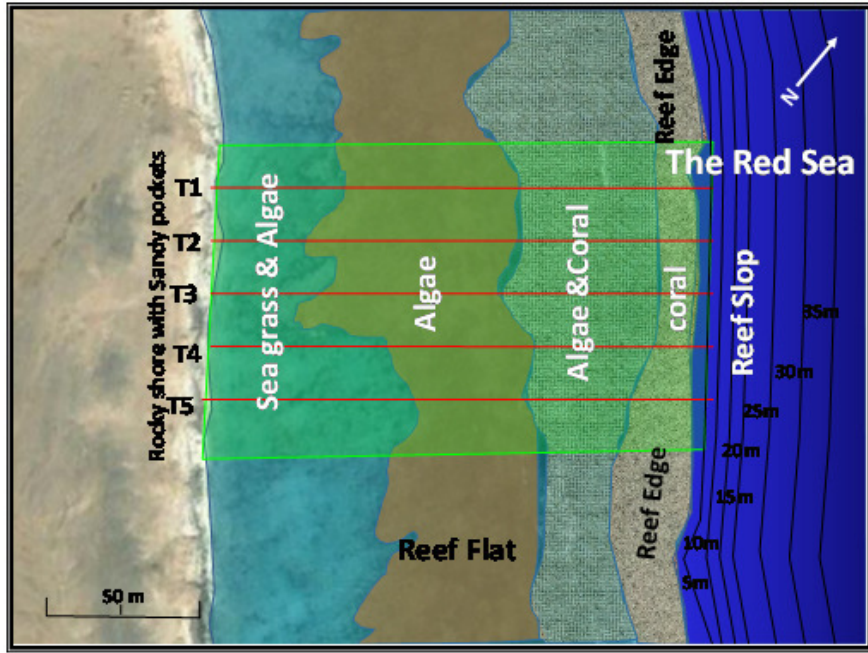


Diagram 6: Sketch Map showing Tidal Zones

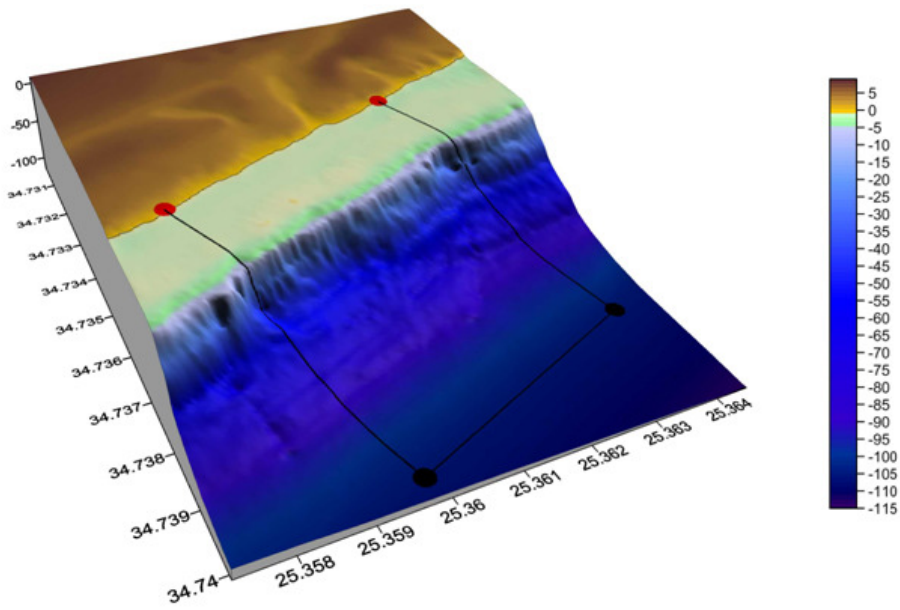


Diagram 7: Three Dimensional Projection of the Seabed Topography in vicinity of proposed Sea Water Intake Structure

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Diagram 8: Photo showing Red Sea Shore typical of the vicinity of the proposed Sea Water Intake Structures



Diagram 9: Photo showing Red Sea Shore typical of the vicinity of the proposed Sea Water Intake Structures

### *Port Facilities - Marine Engineers Appointed*

The Company announced on 14 January 2009 that the Egyptian National Centre for Planning and Usage of State Land had approved the use of the Port Turumbi portsite for the Abu Dabbab project for the export of approximately 1.5 million tonnes per year of ceramic grade feldspar produced as a by-product from the 44.5 million tonne Abu Dabbab tantalum-tin project. Terms of use of this facility continue to be negotiated.

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Whilst the Company welcomes the opportunity to utilise the Port Turumbi port as a location for its feldspar export ship loading facilities, it wishes to explore the possibility of establishing its new facility in the vicinity of Marsa Abu Dabbab, which as illustrated on the diagram below, is located significantly closer to the plant site. Establishment of a new ship loading facility at this location would avoid road transport along the busy highway between Marsa Mubarak and Port Turumbi and associated tourism infrastructure. The location at Marsa Abu Dabbab could have the additional benefit of providing for an integration of the PFZ (where the Project's Reverse Osmosis water purification facilities are to be located), the Sea Water Pipeline Corridor, land facilities for the storage of export feldspar, the Project's sea water intake structures and accommodation for the Project's employees (Diagram 10).

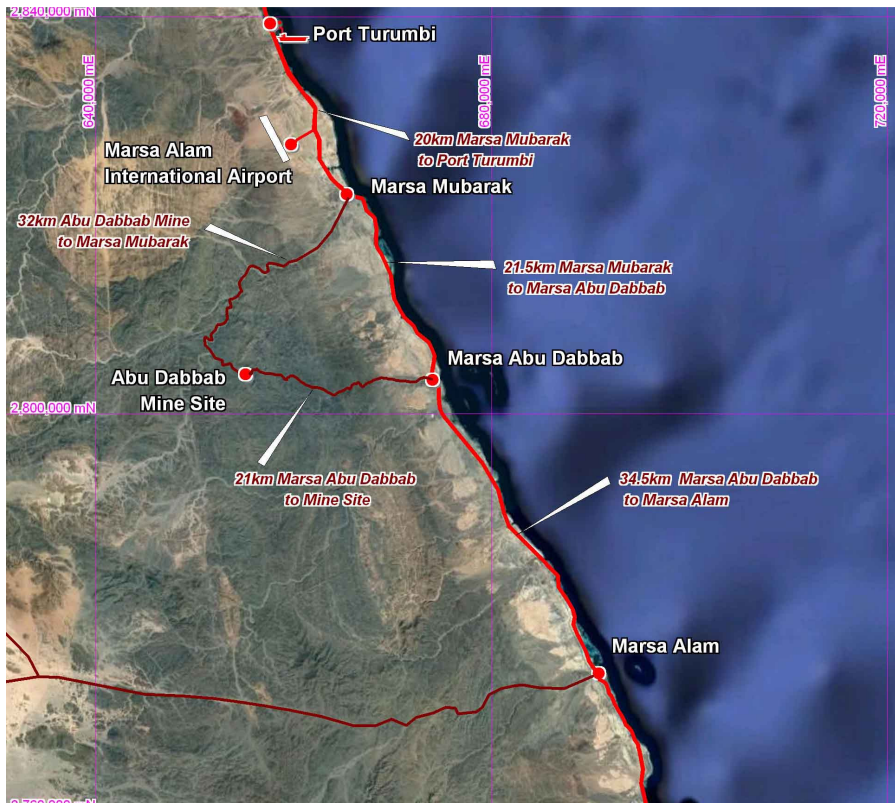


Diagram 10: Satellite Image showing relative locations of the Project Mine Site; Marsa Abu Dabbab and Port Turumbi

The Company has appointed Cullen, Grummit & Roe (UK) Limited (CGR) to prepare alternative conceptual designs for a proposal to construct a ship-loader jetty with the capacity to load 30,000 tonne vessels in the vicinity of the proposed location of the sea water intake structure.

The conceptual designs will take into consideration likely environmental constraints and mitigation measures required to minimise disturbance to the reef environment.

CGR will prepare an indicative layout of the facility supported by an outline scope of the construction works required and key structural principles adopted. It will also provide a summary report commenting on the practicalities and cost associated with the conceptual design alternatives.

CGR is presently involved in a major construction project in the vicinity of the Red Sea, and is therefore very familiar with the protocols and legislature surrounding projects in environmentally sensitive areas, and is therefore well placed to undertake this work.

**Revised Environmental Impact Statement**

The project's environmental consultants in Cairo, Environics Environmental Systems, previously completed the Abu Dabbab EIS. That study required revision with the decision to use fresh water mineral processing and the attendant sea water pipeline and desalination plant.

Environics was provided with the majority of the revised information it required to complete this task early in 2011. Work is proceeding with an estimated conclusion in June of this year. The completed EIS will be re-submitted upon completion.

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Chairman

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