

8 June 2011

## ABU DABBAB INCREASES ORE RESERVES

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### Highlights

- Current open pit re-optimised and redesigned, based on current increased tin and tantalum oxide prices;
- Planned production rate increased from 2 - 3 Mtpa;
- Based on the re-optimised pit and preliminary mine planning, the expected Life-of-Mine is 13.8 years and,
  - Ore Reserves increased by 10% and total Ore Reserves and Mineral Resources by 36.8% from 30.24 million tonnes (Mt) to 41.37 Mt;
  - Ta<sub>2</sub>O<sub>5</sub> contained in ore increased by 31.3% from 16.950 million pounds to 22.254 pounds;
  - Tin contained in ore increased by 11.8% from 41,825 tonnes (as tin) to 46,748 tonnes;
  - Expected average annual production of Ta<sub>2</sub>O<sub>5</sub> increases by 44.0% from 644,000 pounds to 927,000 lbs;
  - Expected average annual production of tin (as metal) increase by 22.6% from 1,906 tonnes to 2,336 tonnes; and
  - Maximum production capacity for feldspar increased by 50% from 1.6 million tonnes per annum to 2.4 million tonnes per annum.

Gippsland Limited ('Gippsland' or the 'Company') [ASX: GIP, FRA: GIX] is pleased to provide a further update for the Abu Dabbab tin-tantalite-feldspar project in Egypt following the Company's announcement dated 18 May 2011 which dealt with the Company's plans to increase the design annual treatment capacity of its Abu Dabbab project.

### Increased Metal Prices

The original pit optimisation and open pit mine design for the bankable feasibility study for the Abu Dabbab project was based on the following metal prices: Ta<sub>2</sub>O<sub>5</sub> US\$42.00 per lb and Sn US\$7,000 per tonne. In light of the recent significant lift in the prices for both commodities, the Company decided to re-optimize the open pit design with the aim of better utilizing the total Abu Dabbab resource.

With this in mind, the pit re-optimisations were run at both 2 Mtpa and 3 Mtpa production rates with the following metal prices: Ta<sub>2</sub>O<sub>5</sub> US\$75.00 per lb and Sn US\$25,000 per tonne. The results of the re-optimisations pointed to improved overall project economics stemming

both from the increased production rate and metal prices. Accordingly an updated 3 Mtpa open pit mine design was prepared by Roselt Croeser of Aurelia Consultants.

### Production Rate Increase from 2 Mtpa to 3 Mtpa

Key parameters comparing the previous pit outline and planned production rate with the new pit outline and planned production rate are as follows:

		Previous Pit Outline	Revised Pit Outline	Increase %
Tonnes ROM	Mt	30.24	41.37	36.8%
Life-of-Mine	years	15.1	13.8	
Annual ROM Rate	Mt	2.0	3.0	
Metal Contained in ROM				
Tin	tonnes	41,825	46,748	11.8%
Ta <sub>2</sub> O <sub>5</sub>	lbs	16,950,000	22,254,000	31.3%
Estimated Life-of-Mine Production				
Tin	tonnes	28,817	32,209	11.8%
Ta <sub>2</sub> O <sub>5</sub>	lbs	9,736,000	12,783,000	31.3%
Average Annual Production				
Tin	tonnes	1,906	2,336	22.6%
Ta <sub>2</sub> O <sub>5</sub>	lbs	643,915	926,976	44.0%
Feldspar	Mt	up to 1.6	Up to 2.4	

### Revised Open Pit Mine Design

The revised open pit was designed on the same basis as the 2 Mtpa pit as regards physical design parameters such as slope angles and haul road widths. The design accounted fully for dilution effects and ore loss. The 3 Mtpa pit itself, however, was larger than its 2 Mtpa predecessor by virtue of the larger optimal pit shell, in turn driven by the higher metal prices.

The new pit has an anticipated pit base at 130RL from an uppermost rim at 460RL compared with the 2 Mtpa pit, which had a floor at 225RL, representing a pit extension in depth terms of 95 metres. Previous and current Planned Pit Outlines are shown diagrammatically in cross section (Diagram 1) and plan (Diagram 2). The relationship between the new planned pit and terrain is shown in Diagram 3.

### Updated Abu Dabbab Production Schedule

The revised production schedule provides for a total ROM feed of 41.3 Mt grading 0.0244 % Ta<sub>2</sub>O<sub>5</sub> and 0.113 % Sn, delivered at a waste to ore ratio of 1.46:1 over a mine life of under 14 years. This compares favourably with the earlier 2 Mtpa pit which was designed to produce 30.24 Mt of ROM ore at 0.0254 % Ta<sub>2</sub>O<sub>5</sub> and 0.138 % Sn, delivered at a waste to ore ratio of 0.83:1 over a period of 16 years.

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## Updated Abu Dabbab Ore Reserve

The revised open pit mine design and associated production schedule supports the following updated Ore Reserves statement, based on a 100 g/t Ta<sub>2</sub>O<sub>5</sub> cut-off.

**Table 2.** Abu Dabbab Ore Reserves Statement, as at May 29<sup>th</sup> 2011.

Category	Mt	Ta <sub>2</sub> O <sub>5</sub> (%)	Sn (%)
Proven ore	15.20	0.0260	0.1695
Probable ore	17.98	0.0245	0.0989
<b>TOTAL ORE RESERVES</b>	<b>33.18</b>	<b>0.0252</b>	<b>0.1312</b>
Inferred resource	8.21	0.021	0.040
<b>TOTAL</b>	<b>41.37</b>	<b>0.0244</b>	<b>0.1130</b>

Note: Totals may not match due to rounding

The immediate increase in the Ore Reserve is in the Probable category. The remaining 8.21 Mt of Inferred Resource is expected to be upgraded to an ore reserve category as the pit deepens and additional grade control drilling can be completed. Thus the increase in the Ore Reserves is 10%, and the corresponding increase in scheduled resources is 37%.

### Exploration Opportunities

There is a zone of interpreted mineralised apogranite plunging to the east below the present Ore Reserves which has not been intersected by drilling and remains open at depth. Some additional resources may be present in this zone which will require drill testing at a later stage in the development of the project.

Signed on behalf of the Board

Ian Gandel  
Chairman

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*The ore reserves reported herein, insofar as they relate to mineralisation, are based on mineral resources compiled by Dr John Chisholm (Fellow of the Australasian Institute of Mining and Metallurgy and Fellow of the Australian Institute of Geoscientists) who is a Consultant of the Company. The corresponding ore reserves statement was prepared by Mr Roselt Croeser (Member of the Australasian Institute of Mining and Metallurgy). Both Dr Chisholm and Mr Croeser have sufficient experience relevant to the style of mineralisation and type of deposits being considered to qualify as Competent Persons as defined by the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2004 Edition). Dr Chisholm and Mr Croeser consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.*

Diagram: 1 Geological Cross Section through Abu Dabbab Deposit showing previous and current Planned Pit Outlines

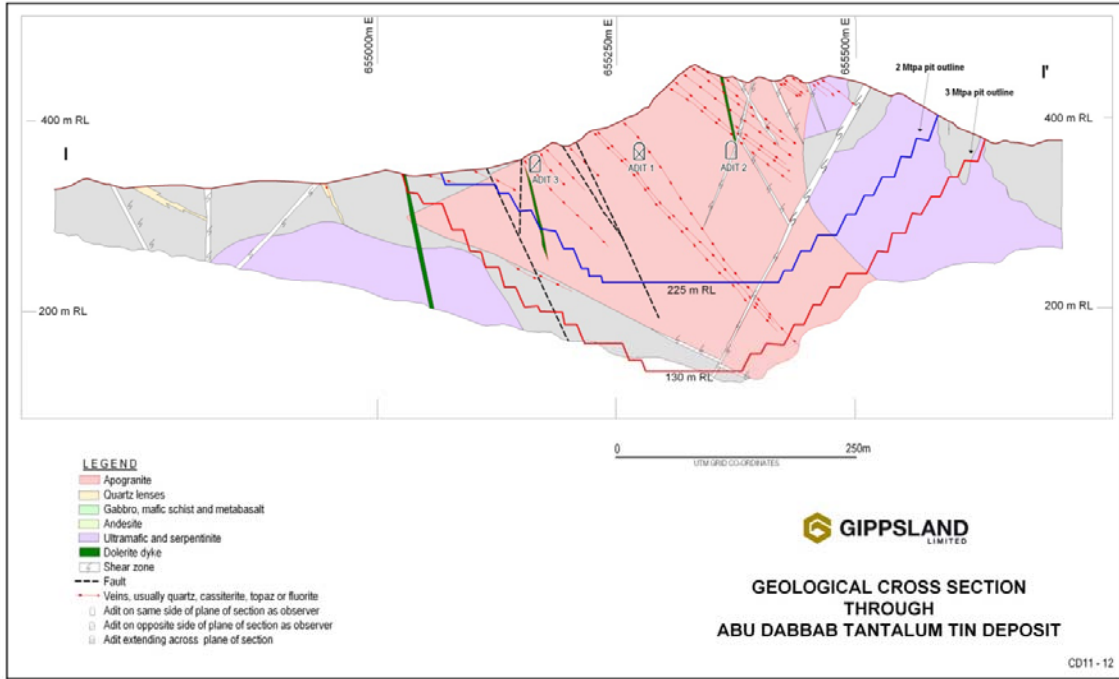


Diagram 2: Geological Plan of the Abu Dabbab Deposit showing previous and current Planned Pit Outlines

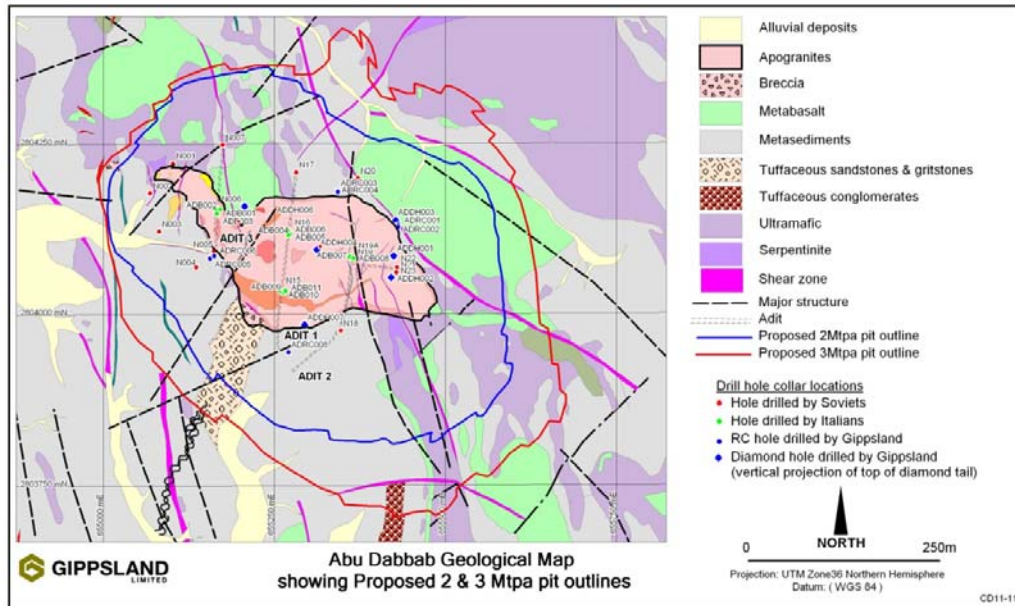
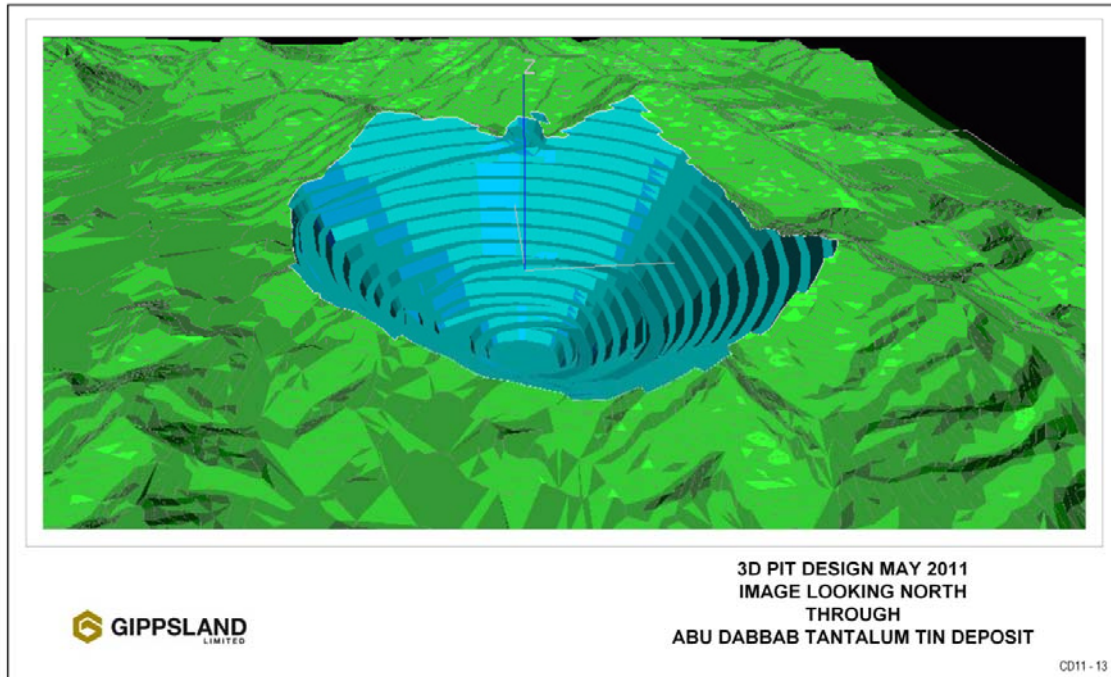


Diagram 3: 3-dimensional image of the current Planned Pit Outline superimposed on terrain.



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