

5 March 2012

ERITREAN EXPLORATION UPDATE

GRAVITY SURVEY COMMENCES

Highlights

- Geochemical survey results for VTEM anomalies V9, V10 and V11
- Coincident Thematic Mapper, VTEM and geochemical anomalies identified
- Follow-up gravity surveys commenced to assist siting and prioritising reconnaissance drill testing
- Preparatory work under way for the commencement of drilling by end of March

Gippsland Limited ('Gippsland' or 'the Company') [ASX: GIP, FRA: GIX] is pleased to announce the commencement of a gravity survey within the Adobha Project over a number of the high priority electromagnetic anomalies identified from an airborne survey flown by Geotech Airborne Limited (Geotech) using a Versatile Time Domain Electro Magnetic system (VTEM) during 2011.

The results of the gravity survey in conjunction with geochemical and geophysical data already to hand will assist the location and the prioritisation of reconnaissance drill testing of the anomalies.

The Company is also presently undertaking preparatory work ahead of RC drilling which is expected to start by the end of March.

Interpretation of the final, levelled data by the Company's consultant geophysicist has identified 16 electromagnetic (EM) anomalies which have been ranked on the basis of their EM response (intensity and decay rate), geological setting, proximity to Thematic Mapper anomalies and presence of coincident geochemical anomalies (Figure 1).

The details of the 16 VTEM anomalies have previously been reported in an announcement dated 11 December 2011.

Subsequent to the receipt of the final VTEM data from Geotech, the Company's field teams have been conducting follow-up drainage, soil and rock-chip geochemical surveys over all of the accessible VTEM anomalies. Soil and rock-chip samples have been collected on a systematic grid pattern of 100m x 50m spacing that cover the VTEM anomalies and their environs.

Results of this geochemical sampling work have recently become available for VTEM anomalies V9, V10 and V11 and the data received to date shows coincident geochemical soil anomalies for lead, gold and zinc located adjacent to VTEM anomalies V10 and V11. Anomalous lead values are considered to be of material interest as lead is a common geochemical indicator of VMS deposits.

Geochemical sampling work in relation to the other identified VTEM anomalies is ongoing and will be reported as results become available.

VTEM anomalies V10 and V11

These two anomalies show similar geochemical characteristics. Both have a coherent lead anomaly located immediately to the east of the VTEM anomaly (Figure 2). Zinc displays a similar distribution but the anomalies are less coherent as is to be expected due to the increased mobility of zinc relative to lead (Figure 3). Gold anomalies are more closely related to the VTEM anomaly (Figure 4). A strong gold

anomaly is located to the south of V11 and is likely to be related to a shear structure and will require further sampling.

A strong lead anomaly in rock-chip samples is located in very close proximity to the VTEM anomalies of V11 (Figure 5).

VTEM anomaly V9

A single point lead in soil anomaly is located adjacent to the east of the anomaly with anomalous zinc located along strike to the north (Figure 2).

The gravity survey is being conducted on a 100m x 50m grid over the high to medium priority VTEM and geochemical anomalies in order to provide additional support for determining drilling targets. VTEM and geochemical anomalies which have coincident gravity anomalies will present as the highest priority drilling targets.

Signed



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Director

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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.

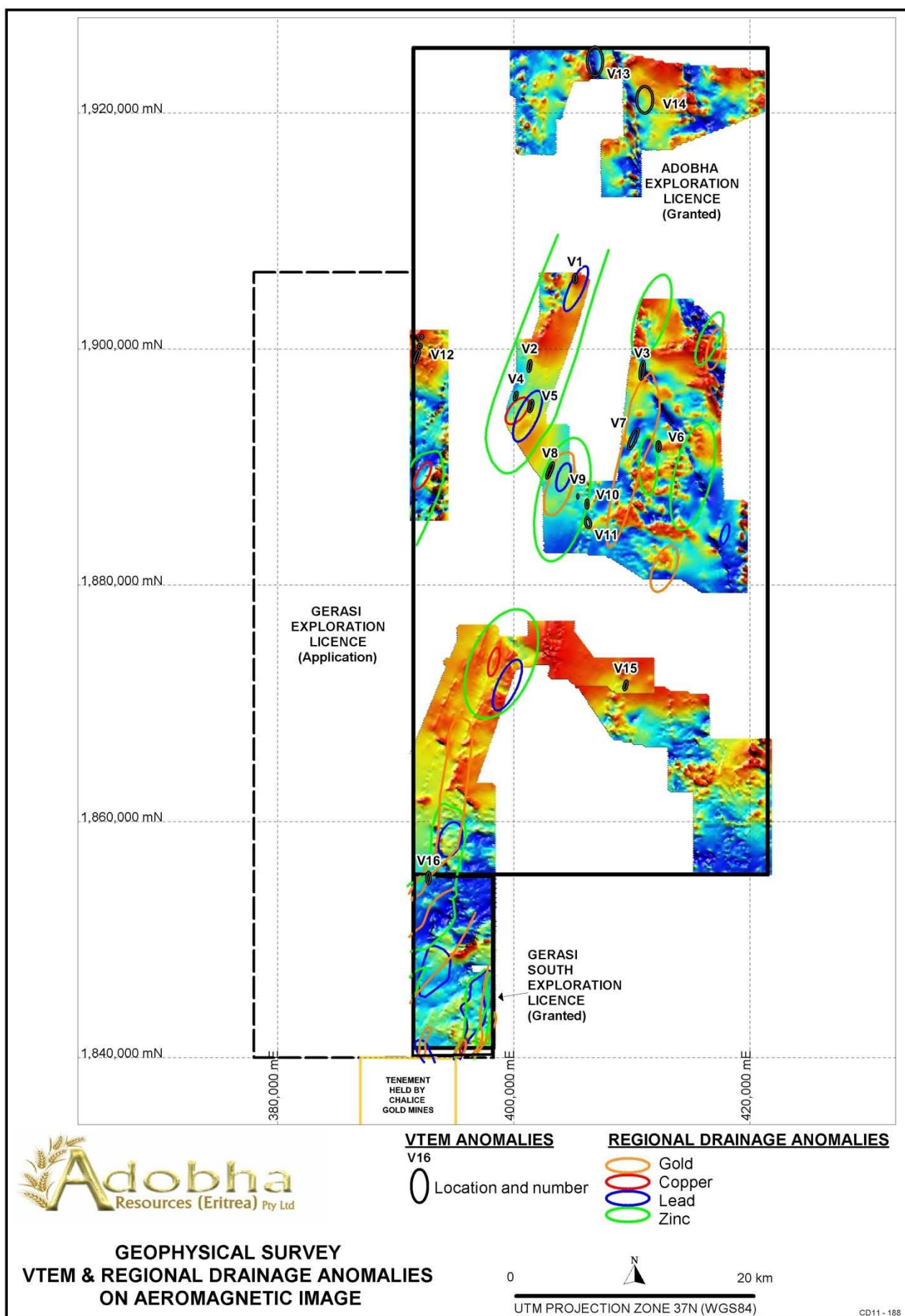


Figure 1 Location plan showing VTEM anomalies and regional drainage geochemical anomalies

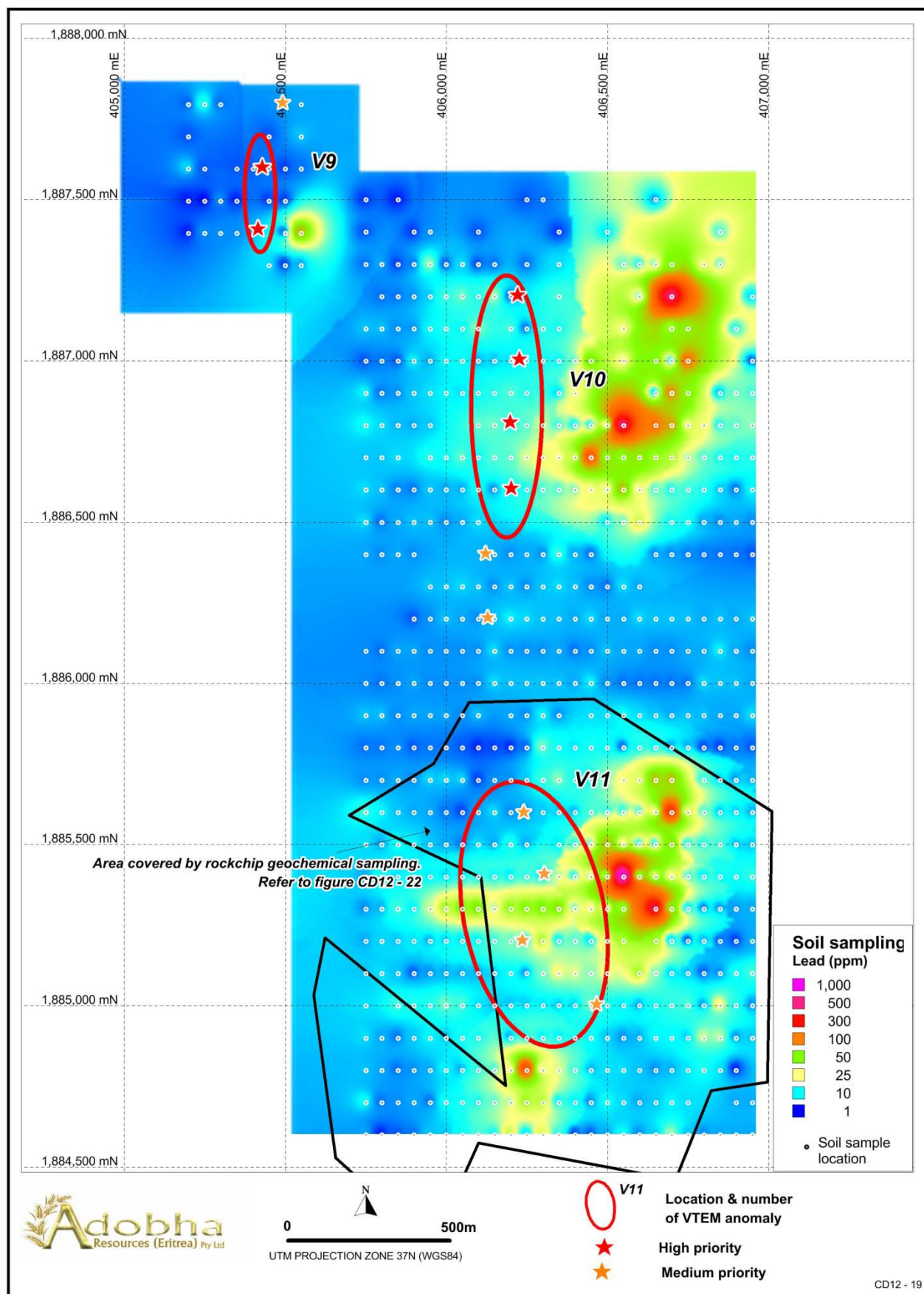


Figure 2 Distribution of lead in soils over VTEM anomalies V9, V10 and V11

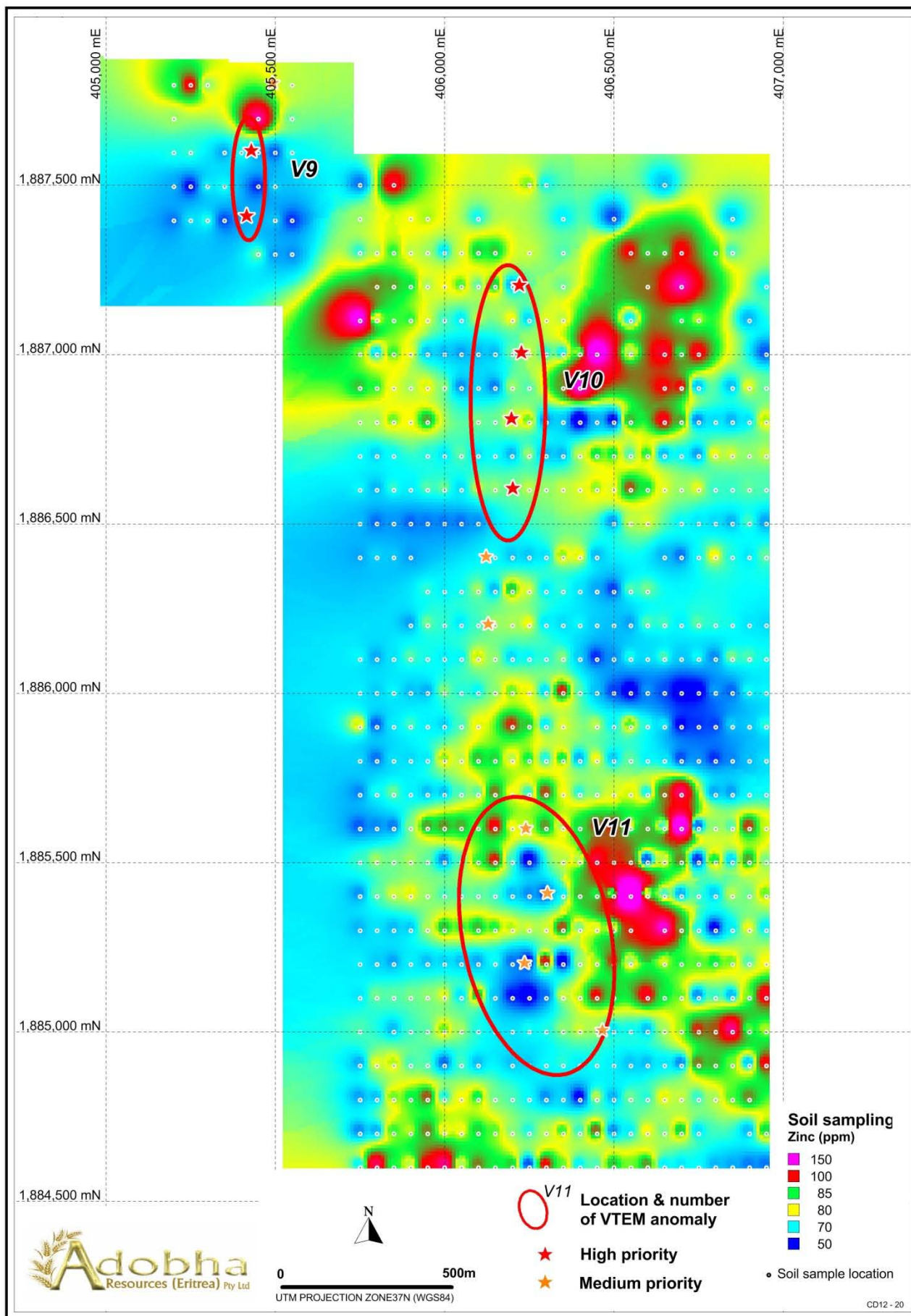


Figure 3 Distribution of zinc in soils over VTEM anomalies V9, V10 and V11

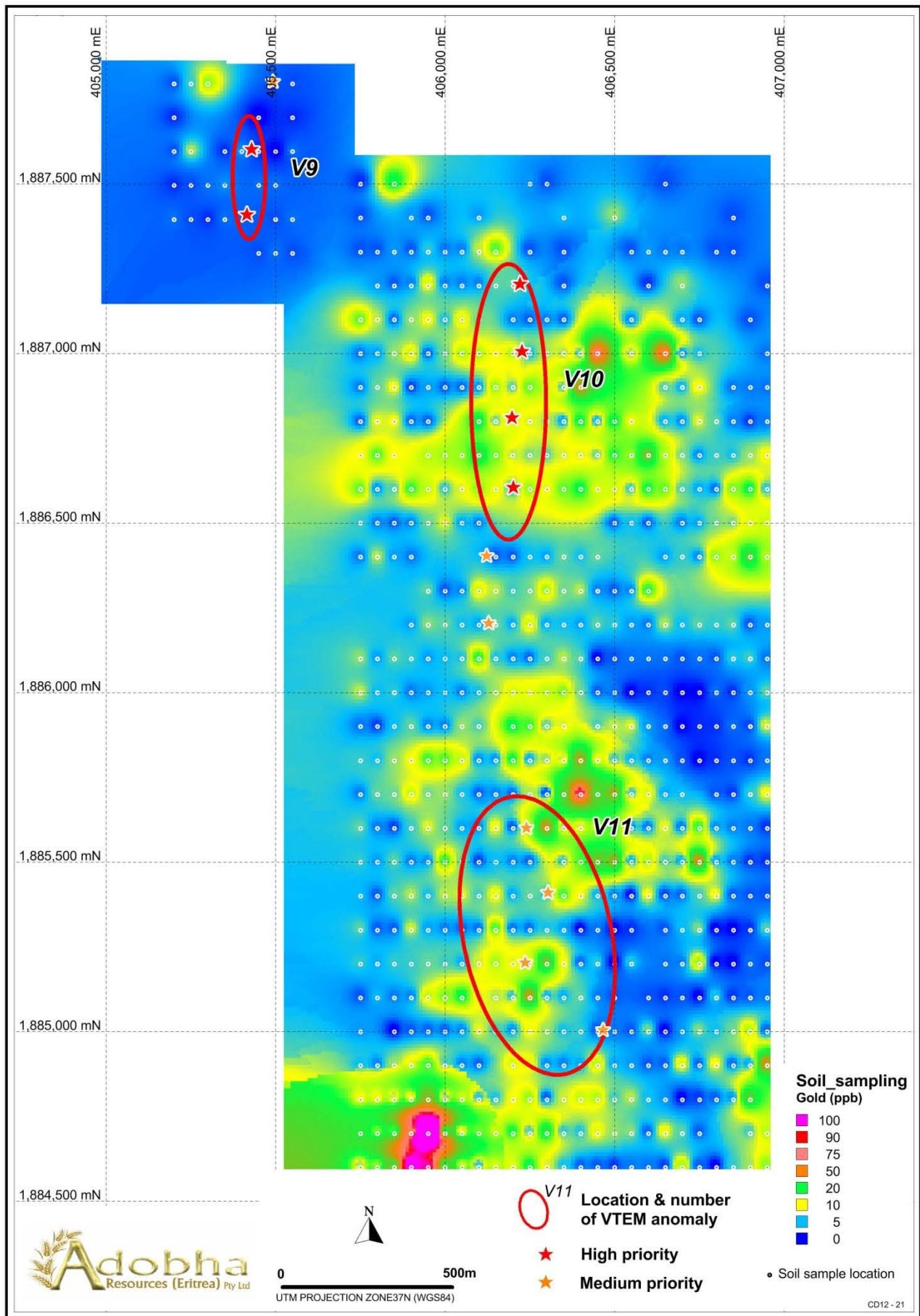


Figure 4 Distribution of gold in soils over VTEM anomalies V9, V10 and V11

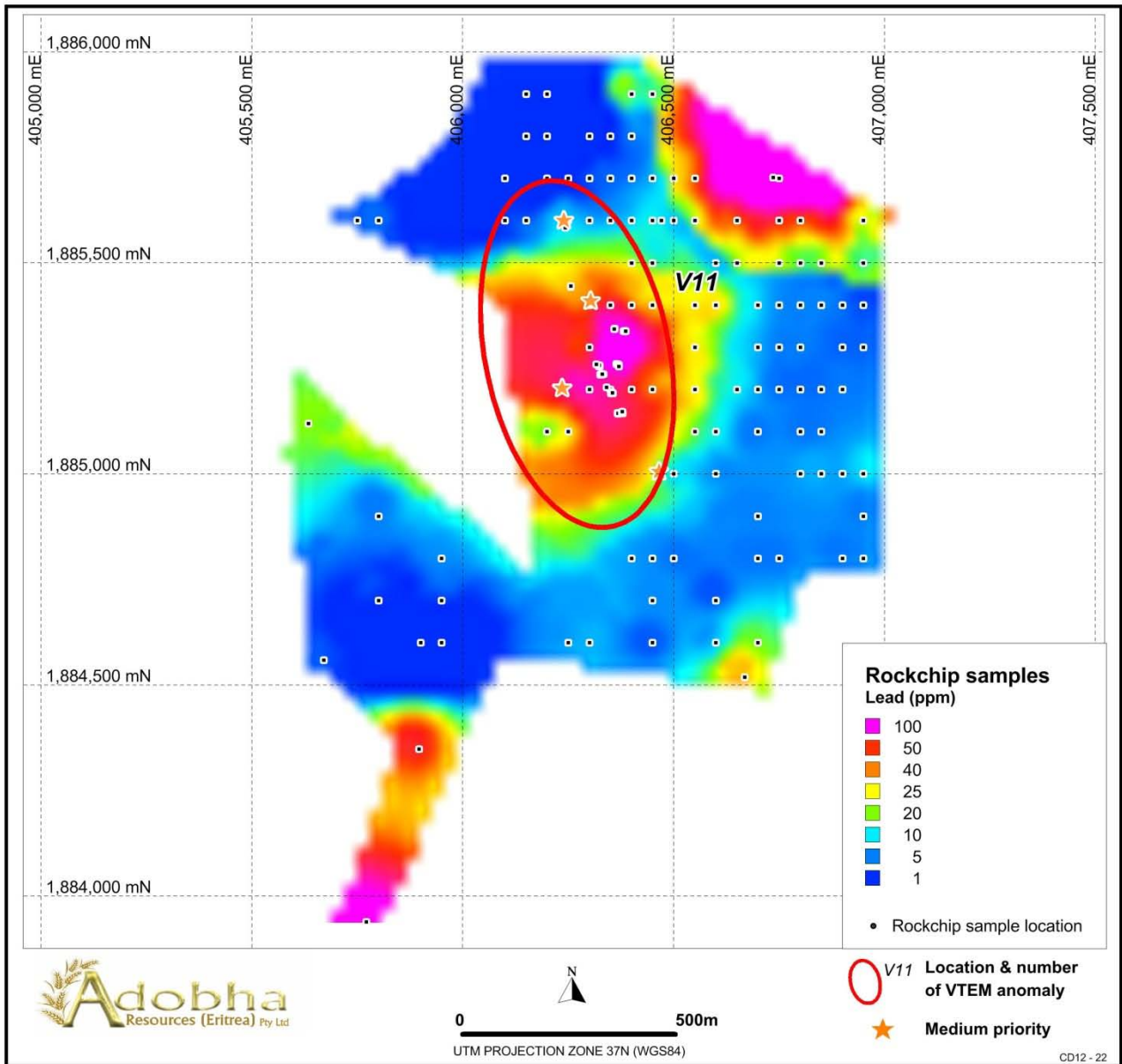


Figure 5 Distribution of lead in rock-chip samples over VTEM anomaly V11