

17 October 2012

ABU DABBAB HARD ROCK PROJECT FINANCING UPDATE

Highlights

- A syndicate of four Egyptian banks have formed a consortium (the “Consortium”) to jointly support Tantalum Egypt JSC (“TE JSC”) in raising the required senior debt financing (the “Transaction”) for the development of the initial phase of the Abu Dabbab tantalum-tin-feldspar project (the “Project”).
- Draft Indicative Term Sheet received by the Company on behalf of TE JSC from the Consortium in relation to the Transaction.
- Subject to approval by the Board of TE JSC, El Torgoman Partners & Advisors Ltd will be appointed to provide various services to assist TE JSC in relation to the Transaction.
- El Torgoman Partners & Advisors Ltd appointed to provide various services to assist the Company to raise the balance of the finance required for the Project (“Shareholder Fund Raising”).
- Subject to approval by the Board of TE JSC, Helmy Hamza and Partners, a member firm of Baker & McKenzie International will be appointed to act as borrower counsel to TE JSC in relation to the Transaction.
- Helmy Hamza and Partners to be appointed as counsel in relation to the Shareholder Fund Raising.
- KPMG Egypt to be appointed to assist the Company with taxation, structuring and accounting advice in relation to the Transaction and the Shareholder Fund Raising.

Gippsland Limited (“Gippsland” or the “Company”) [ASX: GIP, Deutsche Borse: GIX] is pleased to advise that a syndicate of four Egyptian banks, being Bank Audi (“BAEGY”), Banque Du Caire (“BDC”), Banque Misr (“BM”) and Commercial International Bank (“CIB”), have joined forces and formed a consortium (the “Consortium”) to jointly support Tantalum Egypt JSC (“TE JSC”) in raising the required senior debt financing (the “Transaction”) for the development of the initial phase of the Abu Dabbab tantalum-tin-feldspar project (the “Project”).

Gippsland is also pleased to advise that it has received a Draft Indicative Term Sheet (“Term Sheet”) on behalf of TE JSC from the Consortium in relation to the Transaction.

Gippsland has appointed El Torgoman Partners & Advisors Ltd (the “Advisor”) to provide various services to assist it and Tantalum International Pty Ltd (a wholly owned subsidiary of Gippsland) to raise the balance of the finance for the Project (“Shareholder Fund Raising”). TE JSC is also expected to engage El Torgoman Partners & Advisors Ltd to provide various services to assist it to raise the debt finance for the Project.

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Subject to approval by the Board of TE JSC, TE JSC will appoint Helmy, Hamza and Partners, a member firm of Baker & McKenzie International to act as borrower counsel to TE JSC in the debt Project financing for its Abu Dabbab Tantalum Project. Helmy, Hamza and Partners is also expected to be appointed to assist the Company in relation to the Shareholder Fund Raising.

The initial phase of the Abu Dabbab tantalum-tin-feldspar project involves the proposed development by TE JSC of an open pit mine for the purpose of processing around 41 million tonnes of in-situ mineable ore over 13.8 years at a processing rate of 3 million tonnes per annum of run-of-mine ("ROM") ore with projected average annual production capacity of over 925,000 lb of tantalum pentoxide (Ta_2O_5) in a marketable form and over 2,300 tonnes of tin as LME quality metal. Abu Dabbab is potentially a world class producer of tantalum raw material feedstock, providing stable, long term supply of a vital strategic raw material.

A second phase of Abu Dabbab's development would involve a feldspar processing circuit, bulk material ship loading facilities and associated logistics infrastructure to produce and load up to 2.4 million tonnes per annum of ceramic-grade feldspar.

The estimated investment cost of the first phase of the Project is in the range of USD 225-250 million and TE JSC is seeking to raise bank debt for the partial financing of the Project's investment cost.

The Term Sheet, once signed, will not be binding on either side and is subject to full due diligence, approvals and fulfilment of required conditions precedent.

Gippsland's Executive Director, Jon Starink, said that "whilst it is early days yet, the interest shown by the consortium of Egyptian Banks in assisting TE JSC to secure debt finance is a significant step towards securing all of the necessary finance to develop the Abu Dabbab hard rock project. It also reaffirms the Board view that the most likely source of finance for Abu Dabbab will be prime financial institutions within the MENA region".

Yours faithfully
Gippsland Ltd

A handwritten signature in blue ink, appearing to be "J Starink", written over a light blue circular stamp.

Jon Starink
Executive Director

For further information, please contact

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ABOUT THE BANKS

Bank Audi sae ("BAEGY"), a member of Bank Audi sal – Audi Saradar Group

Bank Audi sal is a full service bank, with operations in Lebanon, Europe and the Middle East and North Africa region. Founded in 1830 in Lebanon and incorporated in its present form in 1962 as a private joint stock company with limited liability, Bank Audi offers universal banking products and services covering Corporate, Commercial, Individual and Private Banking services to a diversified client base, mainly in the MENA region. It ranks first among Lebanese banks as per major banking aggregates and stands among the top Arab banking groups. In addition to its historic presence in Lebanon, Switzerland and France, it is present in Jordan, Egypt, Syria, Sudan, Saudi Arabia, Qatar, Abu Dhabi (through a representative office), Gibraltar and Monaco. As at June 2012 the Bank had US\$28.8 billion in total assets, US\$24.7 billion in customers' deposits and US\$2.6 billion of shareholders' equity.

In March 2006, Bank Audi sal – Audi Saradar Group acquired Cairo Far East Bank sae, an Egyptian Bank with a network of three Commercial branches and one Islamic branch and total assets of US\$52.5 million as at December 31st, 2005. The Bank's name was subsequently changed to Bank Audi sae, and its capital was raised \$100 million and further increased afterwards. Currently Bank Audi sae operates through 32 branches covering most of the strategic Governorates & major cities. Bank Audi sal's decision to build a significant presence in Egypt was driven by its vision to become a major player in the MENA Region, with huge potential and promising structural reforms that would boost the country's economic growth rates and banking sector. Total assets and net worth of the bank stood at EGP 17.1 billion and EGP 1.6 billion respectively as of June 30, 2012.

Banque de Caire ("BDC")

Banque du Caire is a full-service bank based in Egypt. BDC is the third ranked bank operating in Egypt. Established in the middle of the 20th century, Banque du Caire has been providing the Egyptian public with the highest level of banking services for over sixty years. Looking forward, Banque du Caire will continue providing the products and services that satisfy the needs of the Egyptian public.

The bank has participated in managing, offering, and marketing a number of syndicated loans, aiming to finance mega projects on the national scale. BDC's syndicated loans portfolio amounted to 2.0 billion Egyptian pounds in 2010.

The Banker magazine has acclaimed BDC's achievements in this business line in 2011, by offering the bank "the Deal of the year" award on Middle East countries, which is one of the many distinctive international awards offered to banks that provide the best banking deals worldwide.

Banque Misr ("BM")

Banque Misr was established in 1920 and became the first bank to be wholly owned by Egyptians.

Banque Misr has been concerned with the establishment of companies in diverse fields, and currently owns equity in 220 projects including financial, industrial, tourism, housing, Agri and food, general service, in addition to projects in the field of communication and information.

Banque Misr has also established major investment funds in Egypt as a part of a diversified portfolio, and has been granted an award by the Global Finance Treasury and Cash Management Awards, as the “Best Provider of Money Market Funds in Middle East for the year 2008 and 2012” and “Best Provider of Money Market Funds in Africa and the Middle East for the year 2009 and 2010”.

Banque Misr was the first and only Egyptian bank on the list amongst the top leading arrangers for syndicated loans, and has also shared a lead position in Q1/2012 as the best arranger of project loans in Europe, Middle East and North Africa. Also, Banque Misr has maintained its outstanding performance, ranked the second amongst banks managing and marketing syndicated loans in the Middle East and North Africa, for the same period.

Commercial International Bank (“CIB”)

Commercial International Bank (“CIB”) is the leading private sector bank in Egypt established in 1975, offering a broad range of financial products and services to its customers which include enterprises of all sizes, institutions, households and high-net-worth (“HNW”) individuals. In addition to traditional asset and liability products, CIB offers wealth management, securitization, direct investment and treasury services, all delivered through client-centric teams. The Bank also owns a number of subsidiaries, including CI Capital (which offers asset management, investment banking, brokerage and research services); Commercial International Life Insurance Company; the Falcon Group; Egypt Factors; and CORPLEASE. CIB’s stock is listed on the Egyptian Stock Exchange and London Stock Exchange, and traded on the New York Stock Exchange.

CIB is widely recognized as the best corporate bank in Egypt and is committed to being recognized as one of the best banks in the region, serving industry-leading corporate clients as well as small and medium-sized businesses. CIB’s global product knowledge, local expertise and capital resources make the Bank an industry leader in project finance, syndicated loans and structured finance in Egypt.

CIB is consistently recognized as the Best Bank in Egypt where it won several awards from International Institutions, among which Global Finance, where it was awarded, “Best Bank in Egypt” for the last 16 years; “Best Foreign Exchange Bank in Egypt” for the last 9 years; “Best Sub-Custodian Bank in Egypt” for the 4th consecutive year; “Best Trade Finance Bank in Egypt” for the last 6 years. Moreover, the Banker named CIB in 2011 “Bank of the Year” for the 3rd time.

ABOUT EL TORGOMAN PARTNERS & ADVISORS LTD

El Torgoman Partners & Advisors Ltd. was formed in 2011 by Dr. Sameh El-Torgoman.

Dr. Torgoman holds a doctorate from Stanford Law School, Stanford University and an LLM from Harvard Law School, Harvard University. He is currently the Chairman of the Egyptian Competition Authority “ECA” and was formerly Chairman of the Cairo and Alexandria Stock Exchange (“CASE”). During his eight year tenure at CASE, Dr. Torgoman led an overhaul of the exchange to build a world class infrastructure and revitalize the Egyptian stock market. He has also served as Chairman of the Egyptian Mortgage Finance Authority (“MFA”) where he developed a strategic plan for the overall development of the mortgage market now being implemented by the MFA.

Dr. El-Torgoman was a co-founder and Chairman of Obelisk Asset Management and previously held the position of the Chairman of Tamweel Mortgage Finance.

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ABOUT HELMY, HAMZA & PARTNERS (BAKER & MCKENZIE)

Helmy, Hamza & Partners (Baker & McKenzie) ("HHP") is a first tier firm in Egyptian banking and finance; oil and gas; projects and infrastructure; corporate and M&A and other areas such as IT & telecoms; IP and dispute resolution. Within banking and finance, HHP's eminent position in the finance market was underlined by its recent role as adviser to the Egyptian lenders and the International Finance Corporation ("IFC") on the \$158m financing of Egyptian Indian Polyester Company's Ain Sokhna PET plant which was also the first project financing to be signed after the January 2011 revolution. HHP also acted on the largest financing to be entirely covered by Egyptian banks, the \$1bn facility to Etisalat Misr. HHP also advised on the IFC's €80m equity investment in Alexandria Portland Cement.