

SECOND QUARTER ACTIVITIES REPORT

Period: 1 OCTOBER – 31 DECEMBER 2013
Release Date: 31 JANUARY 2014

The Directors of Gippsland Limited ("Gippsland" or "the Company") [ASX: GIP, FRA: GIX] provide the following Activities Report for the period October to December 2013, together with details of events up to the date of this report.

KEY POINTS

- Significant project review underway examining modified development and financing concepts.
- MSP Engineering developed a revised capital estimate for the processing plant of US\$77 million, including \$6 million of contingency, which is current as at 4th Qtr 2013 and expected to be $\pm 25\%$ order of accuracy.
- Mining is planned to be undertaken by contractors and this estimate does not include allowance for the construction of a desalination plant, power plant or other support services which the Company plans to secure through BOO type contracts.
- During the Quarter the Abu Dabbab Alluvial Mining Project shipped an estimated 33t of tin in concentrates and generated total gross proceeds of US\$923,000 from processed material.
- The Company's closing cash position at 31 December, 2013 was \$288,000.

EGYPT - ABU DABBAB TANTALUM-TIN PROJECT

Project Review

The Board is undertaking an advanced and comprehensive project review examining various financing opportunities for the development of the Project. This ongoing review process has already highlighted the significant opportunity for Tantalum Egypt JSC ("TE JSC") and the Company to reduce its capital investment by compartmentalising discrete components of the process flow sheet and support services and seeking to utilise local and regional third party equipment and services where possible. The components of the project capital cost for which the Company is exploring outsourcing opportunities include drilling and blasting, the mining fleet, crushing equipment, RO plant, power station and the smelter.

In November 2013, Gippsland engaged MSP Engineering ("MSP") to prepare a Capital Estimate Study for the project, which incorporated the following key development approach;

- Contractor mining and crushing with capacity to produce up to 3 Mtpa of fine ore feed;
- A wet beneficiation plant with initial capacity to process 2 Mtpa of mill feed and the ability to be expanded to 3 Mtpa of mill feed;
- A Build Own Operate ("BOO") power station;
- A BOO process water provider including RO plant;
- The inclusion of second-hand equipment, where possible; and
- Toll smelting of the tantalum-tin concentrates.

Based on the above criteria, MSP developed a revised capital estimate for the facility of US\$77 million, including \$6 million of contingency, which is current as at 4th Qtr 2013 and expected to be $\pm 25\%$ order of accuracy.

The MSP capital estimate does not include allowance for the construction of a water supply pipeline from the RO plant to the plant site or the construction of gravity concentrate upgrading facilities on site, which still need to be factored into the overall capital expenditure budget.

MSP is a Western Australian based engineering firm with a global reputation for expertise in tin and tantalum processing and gravity separation techniques such as are planned to be employed at Abu Dabbab. MSP built the treatment plants at the world class Greenbushes and Wodgina tantalum (tin & lithium) deposits, in Western Australia and acted as project managers for the Wodgina and Dalgaranga Tantalite Expansion Projects.

The Company is now working toward completing a base case project development plan and is planning to further refine these capital costs and the resulting operating costs to ultimately complete a Definitive Feasibility Study ("DFS") on the Abu Dabbab tantalum-tin project. Indicative offers and expressions of interest for all of the major contractor and BOO components have already been received by MSP and Gippsland. There is an ongoing assessment process of a series of technical and financial milestones to continually review the viability of the development strategy in terms of returns for Gippsland shareholders, attainment of which will determine progress toward completion of the DFS.

Abu Dabbab Alluvial Mining Project

The Spiral Concentrator Plant continued operations during the quarter.

From 1 October 2013, the Company took control over the mining and screening operations and is directly hiring the equipment and operators from the mining contractor. Mining was completed in late January, 2014 and all plant feedstock is now being sourced from various stockpiles from earlier processing operations.

During the quarter, the Company made six shipments (shipments #20 to #25) totaling approximately 76 tonnes of cassiterite which contained an estimated total of 33 tonnes of tin. The sale of shipments #17 to #23 were finalised during the quarter as shown in the summary in Table 1.

Table 1: Tin Sales for December 2013 quarter

Shipment Number	Date of Sale to Smelter	Final Grade (Sn)	Contained Tin (tonnes)	Sale Price of Tin (USD per tonne)	Total Gross Proceeds (USD) (refer Note 1)
17	2/10/2013	50.220%	5.71	22,850	130,418
18	16/10/2013	45.105%	6.45	22,900	147,814
19	29/10/2013	41.645%	5.95	22,995	136,809
20	18/11/2013	42.020%	5.55	22,970	127,435
21	3/12/2013	44.900%	4.53	22,700	102,858
22	17/12/2013	47.395%	5.74	21,690	124,458
23	27/12/2013	47.215%	6.88	22,300	153,425
			40.81		923,217

Note:

1. Total Gross Proceeds is calculated prior to the deduction of toll treatment charges.

As at the date of this report, two further shipments (shipments #24 and #25) had been received at Malaysia Smelting Corporation ("MSC") in Penang, Malaysia and were undergoing weighing and sampling procedures.

In mid-January concentrate shipments from Egypt were temporarily suspended by the Egyptian government pending clarification of certain export issues. Whilst unexpected the Company is hopeful of resolving these issues in early February and recommencing its tin concentrate shipments to MSC's smelting facility in Malaysia.

CORPORATE

The closing cash position at the end of the period was \$288,000. Subsequent to the end of the period the Company drew down the final \$250,000 instalment of the loan provided by Gandel Metals Pty Ltd whilst it considers further capital raising options.

In late November, the Company secured the consulting services of Keystone Resource Development, whose principal, Mr Mike Rosenstreich is focusing on business development and strategy with particular emphasis on the Abu Dabbab project. Mr. Rosenstreich has a technical background but has worked in corporate finance and management of listed companies over the past 30 years.



Ian Gandel
Chairman
Gippsland Limited
www.gippslandltd.com

For further information, please contact:

Geoff Hawkins
Gippsland Limited
T: +61 8 9340 6000
E: info@gippslandltd.com

Note:

The information in this announcement that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on, and fairly represents, information and supporting documentation prepared and compiled by Dr John Chisholm, a Competent Person who is a Fellow of the Australian Institute of Mines and Metallurgy. Dr Chisholm is employed by Mandu Pty Limited which provides geological consulting services to the Company. Mandu Pty Limited holds 125,000 ordinary shares in the Company. Mandu Superannuation Fund Pty Limited of which Dr Chisholm is director and shareholder holds 3,362,963 ordinary shares in the Company. 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 2012 edition of the "Australasian Code for Reporting 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.

Tenements Held at 31 December 2013

Country	Project	Tenement	Status	Interest held by Gippsland
Egypt	Abu Dabbab	Exploitation Licence 1658	Granted	50% ²
Egypt	Abu Dabbab	Exploitation Licence 1659	Granted	50% ²
Egypt	Nuweibi	Exploitation Licence 1785	Granted	50%
Egypt	Wadi Allaqi - Seiga	Exploration Licence ¹	Pending	50%
Egypt	Wadi Allaqi - Shashoba	Exploration Licence ¹	Pending	50%
Egypt	Wadi Allaqi - Haimur	Exploration Licence ¹	Pending	50%
Egypt	Wadi Allaqi - Garayat	Exploration Licence ¹	Pending	50%
Egypt	Wadi Allaqi - Koleit	Exploration Licence ¹	Pending	50%
Egypt	Wadi Allaqi - Nile Valley A	Exploration Licence ¹	Pending	50%
Egypt	Wadi Allaqi - Nile Valley E	Exploration Licence ¹	Pending	50%
Egypt	Wadi Allaqi - Abu Swayel	Exploration Licence ¹	Pending	50%
Egypt	Wadi Allaqi - Um Tiur	Exploration Licence ¹	Pending	50%
Eritrea	Adobha	Exploration Licence	Granted	100%
Eritrea	Adobha (Gerasi South)	Exploration Licence	Granted	100%
Eritrea	Adobha (Gerasi)	Exploration Licence	Pending	-

Notes:

1. Tenements granted subject to an agreement with the Egyptian Government (EMRA) dated 21 June 2004. Applications to renew tenements have been lodged.

2. Gippsland holds 50% of the shares in TE JSC which holds the exploitation licences, however Gippsland has a 45% interest in dividend payments made by TEJSC.

There were no acquisitions or disposals of tenements during the quarter.