

Board Changes and Company Update

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1. Board Changes

The Board of Gippsland Ltd (ASX:GIP) would like to announce changes to the Board of Directors following the resignation of Mr Ian Gandel as the Chairman and Director of the Company on 14 April, 2015. Mr Michael Rosenstreich, formerly the Managing Director has been elected to the position of Chairman, Mr Rowan Caren, Company Secretary has been appointed as a Director. These changes are effective immediately.

Mr Gandel commented "I was originally planning to step-back from my Chairman role as Gippsland transitioned into the development phase of Abu Dabbab with its new partner, Foxxtel due to increasing and pressing business commitments elsewhere. I consider that it is in the best interests of the Company to handover to Mike now to develop and lead a revised corporate strategy. I wish the newly formed Board every success and assure them of my ongoing interest and support as a major shareholder and creditor of the Company."

Mr Rosenstreich said "I am sure I speak for all Gippsland stakeholders when I express my thanks to Ian for his contribution as Chairman and his ongoing financial support for the company over the past 5 years. The Company is currently facing a major unexpected challenge in regard to its 50% interest in the Abu Dabbab tantalum-tin feldspar project in Egypt which is forcing us to develop a new strategy aimed at resolving the issue and recapitalising the Company to attain the best outcome for all shareholders."

Mr Caren has been the company secretary of Gippsland since 2006. He was employed by the chartered accountancy firm PricewaterhouseCoopers in Australia and overseas for six years and has been directly involved in the minerals exploration industry for a further 19 years. He also provides company secretarial and corporate advisory services to several exploration companies and is a member of the Institute of Chartered Accountants in Australia. An initial Director's Interest Notice will follow.

2. Update on Egyptian Tenure Issue

In late March, 2015 Gippsland was informed that the Egyptian Company for Mineral Resources (ECMR), Gippsland's 50% co-shareholder in Tantalum Egypt JSC (TE), the holding company for the Abu Dabbab and Nuweibi deposits was planning to contest TE's ongoing rights to hold the tenements over the Abu Dabbab deposit. Gippsland considers that it has complied with all of its contractual and legal obligations with respect to TE for the past 12 years-including through the Arab Spring and Egyptian revolution. To date, Gippsland has invested in excess of US\$20 million on the Abu Dabbab Tantalum-Tin Project (Project). As announced on 26 February 2015, Gippsland has recently signed a Memorandum of Understanding (MoU) with an investor, Foxxtel which would see the project start development in a few months. Therefore this action by ECMR, initiated at a time when the Project is closer than it has ever come to going into production, was completely unexpected.

Gippsland has recently signed an MoU for the project financing, completed a detailed development plan for the staged, reduced capital "400K Development Plan" as outlined to shareholders on 26 February and remains firm in its desire to work with ECMR and build the project. Gippsland has sought urgent clarification from ECMR of its position and assurances in terms of its ongoing support with respect to TE to enable Gippsland to make continued financial investments into TE and to satisfy Foxxtel's due diligence

process. ECMR has failed to provide the assurances sought and outlined several grievances in regard to the scheduled start of development activities and the performance of the previous alluvial tin operation as well as the reduced scale of the new 400K Development Plan. The issue of the project development schedule had been raised by ECMR in discussions in mid-March, 2015 and to pre-empt any possible but at the time unforeseen escalation of this issue, Gippsland had undertaken to the Minister of Petroleum and Mines in a letter dated 16 March, 2015 that if it did not commence development activities on the Project by the end of Ramadan (mid July 2015) then it would not contest an Extraordinary General Meeting resolution to dissolve TE and hand the Project and all technical data back to ECMR.

As a consequence of the uncertainty Gippsland has had to suspend trading in its shares and withhold payments into TE resulting in 28 of its 30 Egyptian employees being stood down. By arrangement with ECMR, it has control of the day-to-day operations of TE and has taken steps to maintain a small presence on site and the corporate office on behalf of TE.

Foxtel has written to Gippsland on 6 April, 2015 “flagging that if these concerns cannot be resolved Foxtel would withdraw from the transaction.” It is clear that the actions of ECMR have compromised the project financing transaction with Foxtel and the process is currently suspended.

Gippsland has briefed legal advisors experienced in international disputes and familiar with Egypt. The prime objective is to work with these advisors to achieve a positive reconciled outcome with ECMR which will allow the project financing and development to recommence. However the fall back position is for the Company to protect its interests through both Egyptian and international legal avenues. This process is still at a very preliminary stage and there remains considerable uncertainty in regard to the Company being able to resume its operations in Egypt.

3. Corporate Update

Early in the year management had put together a strategy integrated with the project financing process to restructure its debt and recapitalise the Company. Despite the dispute in Egypt this process is continuing, albeit on a revised basis. Management is holding constructive negotiations with several of its creditors including Gandel Metals Ltd (an entity associated with Mr Ian Gandel, the former Chairman), which is owed \$3.34 million, to restructure their loans.

To further reduce costs the Company has decided to close its Perth office and until the ECMR issue is resolved run a “virtual” office. The new registered office address will be advised in mid-May when the change-over occurs. This has resulted in several key staff changes including; the Chief Financial Officer, Mr Geoff Hawkins leaving the Company effective at the end of April, 2015 with the financial management of the Company to be handled by Rowan Caren. Mr Brian Talbot, the Project Development Manager will also finish with Gippsland in early May, 2015. The Directors deeply regret these losses and thank both Geoff and Brian for their outstanding contributions. Mr Rosenstreich will reduce to a 50% time commitment on an interim basis to manage the dispute resolution, guide the restructure process and assess any new project opportunities, working closely with Rowan Caren.

The Company’s non-executive directors have agreed to a fee moratorium until 30 June, 2015 and fees accrued but not paid for the past year may also be included in the debt restructuring process outlined above.

These decisive actions recognise that the tenement dispute is unlikely to be resolved quickly and that with limited funds the Company cannot have this level of uncertainty lingering and therefore needs to prepare to either resume the project development or seek new projects whilst also pursuing legal compensation claims in Egypt. Mr Rosenstreich commented that “this is a bitterly disappointing event for our shareholders and employees occurring on the cusp of starting the staged development of this, advanced Project. We remain committed to the project and hopeful of resolving this matter with ECMR whilst

preparing for the worst. The corporate restructuring is vital no-matter what the outcome and realistically we need to continue to create new opportunities for shareholders.”

Given the overall level of uncertainty around the Egyptian assets and the Company’s ongoing funding the Board requests that the Company’s shares remain in voluntary suspension.

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