

24 July 2013

EGYPT DEBT FINANCING UPDATE

Gippsland Limited [ASX: GIP, DB: GIX] ("Gippsland" or "the Company") is pleased to provide an update in relation to the debt financing of the Abu Dabbab tantalum-tin-feldspar project (the "Project").

As previously announced, a Consortium of Egyptian banks comprised of Bank Audi, Banque Misr Commercial International Bank and Banque Du Caire was formed 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 Project. Banque Du Caire has recently withdrawn from the Consortium however the remaining three banks have elected to fill the void left by the departure of Banque Du Caire internally rather than seek a replacement bank.

The recent events in Egypt have not impacted the Company's debt financing efforts. In fact there has been a noticeably renewed enthusiasm from the Consortium as a whole and others in the period since the most recent political developments.

The Consortium had previously appointed Wardell Armstrong International ("WAI") to act as an Independent Technical Advisor ("ITA") to assist it in the Transaction. However it recently emerged that WAI's project leader and a key contractor retained by WAI to assist with execution of their review on behalf of the Consortium had previously been retained by others to provide advice specifically in relation to the Project. This prior engagement was not disclosed prior to the appointment of WAI by the Consortium and, when disclosed, was considered by Gippsland and by the Consortium as potentially giving rise to a conflict of interest. After due consideration and for the avoidance of any possible concerns the Consortium withdrew its instructions to WAI and immediately moved to appoint Coffey International ("Coffey") as its ITA. Coffey is a specialist professional services consultancy with expertise in geosciences, international development and project management. Coffey was previously engaged by KfW as its ITA and the parties expect that this familiarity will allow them to act and report promptly.

Subject to a satisfactory outcome of this high level review, the Consortium intends to proceed to obtaining credit committee approval for the Transaction and to the final negotiation and execution of a definitive term sheet, which the Company expects to contain conditions precedent that will need to be fulfilled prior to the first drawdown.

The Company looks forward to providing further updates in due course.

Yours faithfully
Gippsland Limited



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