

25 November 2008

GERMAN GOVERNMENT GUARANTEE

Gippsland Limited ('Gippsland' or 'the Company'), which is developing the world-class 44.5 million tonne Abu Dabbab project ('Project') in Egypt, is listed on the ASX Limited and the London Stock Exchange AIM [GIP]. The Company's shares also trade on the UK PLUS Markets [GIP] and the Frankfurt Deutsche Börse [GIX].

Gippsland is presently undertaking Project finance negotiations with the German banks KfW IPEX-Bank GmbH ('KfW') and DEG - Deutsche Investitions und Entwicklungsgesellschaft mbH ('DEG'). Both are part of KfW Bankengruppe, which is 80% owned by the German Federal Government, and 20% by the German Federal States (Bundesländer).

UNTIED TERM LOAN GUARANTEE - UNGEBUNDENER FINANZKREDIT ('UFK')

Gippsland Directors are pleased to announce today that the German Inter-ministerial Committee ('IMC') led by the German Federal Ministry of Economics and Technology has confirmed the eligibility of the Abu Dabbab Project for an Untied Term Loan or Ungebundener Finanzkredit ('UFK').

The German government's UFK facility provides German lenders, insurance against commercial and political risk, which in turn enables German banks to offer Project finance at a reduced interest rate. The UFK is subject to the Project finance due diligence process presently being undertaken by KfW and DEG.

THE UFK FACILITY

The German Federal Government provides UFK coverage in the form of loan guarantees for loans awarded by German lenders to debtors in emerging and developing countries.

Untied loan guarantees are granted for financing eligible projects abroad. Eligibility requirements are that:

- the project must be of special interest to the Federal Republic of Germany
- it must contribute to the supply of natural resources into Germany in the form of a long term sale and off-take contract between the borrower and a German off-taker
- it must contribute to the economic development of the host country and be part of a balanced development program
- the technical, economical and environmental soundness of the project must be verified
- the financing of the project must be assured
- the duration of the loan must be consistent with the duration of the sale and off-take contract

Coverage is provided for untied term loans with regard to:

- securing the raw material supply to the Federal Republic of Germany on the basis of long-term off-take agreements
- banks, with the purpose of establishing and promoting free-enterprise structures (SME promotion)

Untied loan guarantees may be granted in combination with export credit and investment guarantees.

Gippsland Executive Chairman Jack Telford said, "The eligibility of Abu Dabbab for UFK cover reflects the Project's outstanding importance for the Federal Republic of Germany in securing a reliable long term supply of this vitally important strategic metal. While a UFK facility clearly provides significant direct benefits regarding debt finance, it also serves to provide equity investors with increased confidence in the Project in general"

ABOUT UFK

The German Government supports projects which encourage the economic development in emerging and developing countries and are of outstanding importance for the Federal Republic of Germany. These specifically include projects securing German imports of raw materials, oil and gas or contributing to the development of free-market systems, primarily in Eastern European countries.

The IMC decides whether a project is eligible for coverage. The IMC is composed of the Federal Ministry of Economics and Labour, the Federal Ministry of Finance, the Federal Foreign Office and the Federal Ministry for Economic Co-operation and Development. PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft AG ('PwC') experts attend the meetings of the IMC in an advisory capacity.

The Government appointed a consortium formed by PwC as lead partner and Euler Hermes Kreditversicherungs AG to manage the guarantee scheme for untied loans. From the first contact to the ultimate payment of an indemnification, PwC is responsible for handling the guarantee scheme. PwC experts advise lenders on eligibility issues to be considered in the planning stage, accompany the application process and evaluate the project by assessing feasibility, eligibility and risks. After the IMC decision they arrange for the issuance of the policy and for regular monitoring, initiate loss prevention strategies and carry through eventual indemnification proceedings.

ABOUT GIPPSLAND

Gippsland has completed a definitive feasibility study which determined that the Abu Dabbab Project will produce 650,000 pounds of tantalum pentoxide per annum plus 1,530 tonnes of tin metal over a likely mine life of 20 years.

The Company has executed an offtake agreement with German tantalum major HC Starck GmbH for the supply of 600,000 pounds of tantalum pentoxide per year for 10 years which accounts for 92% of the Project's total tantalum production over this period. The tantalum pentoxide will be supplied in the form of a high purity synthetic concentrate or SynCon.

The Company has completed an Environmental and Social Impact Assessment to World Bank standards.

The Directors are confident that the Abu Dabbab project will play a crucial role in supplying the global tantalum industry with a reliable source of tantalum feedstock. Given the Project's initial mill-feed rate of 2 million tonnes per year, the Company's very large resource base of 142.5 million tonnes provides a solid foundation for the stable supply of tantalum to world markets for the next 50 years and beyond. The magnitude of this resource base also provides significant opportunities for increased production.

RJ (Jack) Telford
Executive Chairman
Gippsland Limited
www.gippslandltd.com

For information relating to KfW, DEG, UFK and HC Starck, please visit the following websites:

[KfW IPEX Bank GmbH](#)
[DEG - Deutsche Investitions und Entwicklungsgesellschaft mbH](#)
[UFK - Garantien der Bundesrepublik Deutschland](#)
[H.C. Starck GmbH](#)

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