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GIPPSLAND LIMITED

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22 December 2011

ERITREAN GEOPHYSICAL SURVEY UPDATE

Gippsland Limited ('Gippsland' or 'the Company') [ASX: GIP, FRA: GIX] is pleased to announce that it has received the final levelled data for the 5,161 line-kilometre airborne geophysical survey over the Adobha and Gerasi South licence areas in Northern Eritrea held by its wholly owned subsidiary Adobha Resources (Eritrea) Pty Ltd. The airborne geophysical survey covered 19 target areas selected on the basis of Thematic Mapper (TM) anomalies, geological targets, and geochemical anomalies identified during geochemical surveys by Gippsland completed during late October to early November 2009, May 2010 and July 2011.

The survey was flown by Geotech Airborne Limited using a Versatile Time Domain Electro Magnetic system (VTEM) at a line spacing of 200m with a nominal height of 80-120m determined by the topography. Aeromagnetic data was also acquired as part of the survey.

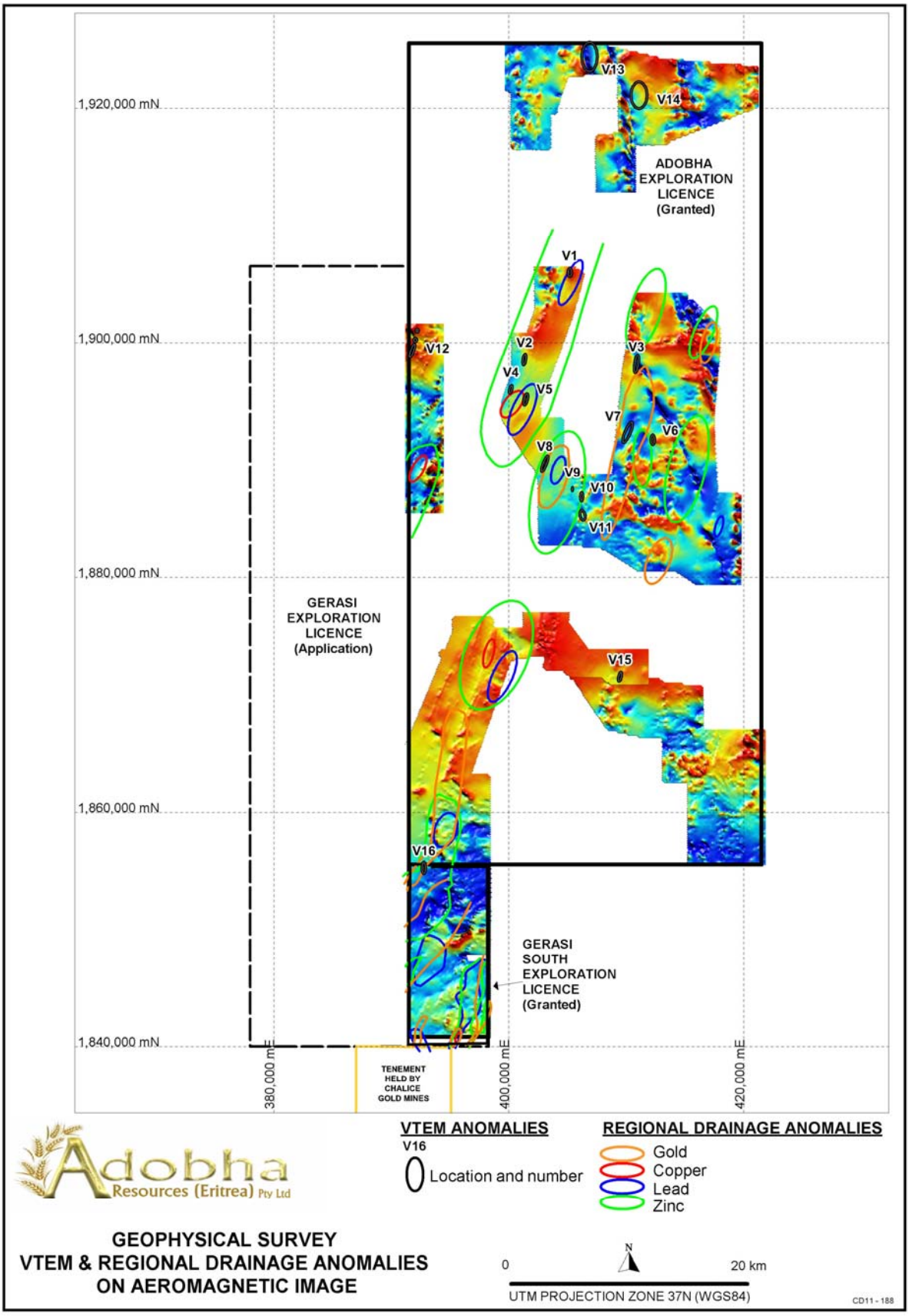
Interpretation of the data by the Company's consultant geophysicist has identified 16 electro-magnetic (EM) anomalies which have been ranked on the basis of their EM response (intensity and decay rate), geological setting, proximity to TM anomalies and presence of coincident geochemical anomalies.

Table 1 Summary of EM conductors

Anomaly	Easting	Northing	Area	Lines	Priority	Comments
V1	405170	1906000	Central	30020 - 30050	Medium -High	Broad, good conductor
V2	401290	1898630	Central	30391 - 30421	Medium	Broad, good conductor
V3	410860	1896200	Central	30390 - 30450	Low	Broad, medium conductor
V4	400130	1896000	Central	30521 - 30551	Medium	Broad, good conductor
V5	410400	1895100	Central	30561 - 30591	Medium	Broad, good conductor
V6	410400	1892720	Central	30670 - 30720	Low - medium	Broad, late time conductor
V7	412300	1891700	Central	30730 - 30760	High	Narrow, late time conductor
V8	403040	1899720	Central	30821 - 30871	Low	Very broad, good conductor
V9	405420	1887530	Central	30940 - 30960	High	Narrow, good conductor
V10	406180	1886850	Central	30970 - 3100	Medium - high	Good late time conductor
V11	406260	1885300	Central	31050 - 31080	High	Good late time conductor
V12	391800	1899400	West	40100 - 40150	High	Broad, good conductor
V13	406900	1924500	North	20040 - 20100	Medium	Broad, good conductor
V14	411100	1921200	North	20202 - 20262	Low	Negative at late times
V15	409500	1871500	South	60272 - 60291	High	Very strong conductor
V16	392740	1855200	South	61070 - 61120	Low - medium	Broad conductor

It is encouraging to note that in the central part of the project area there is a close association between the VTEM anomalies and regional drainage geochemical anomalies identified from the geochemical sampling completed during July 2011. The regional geochemical sampling could not be completed due to the lack of helicopter availability and will recommence when a suitable helicopter is available.

Field inspection of the EM anomalies was completed in early October in order to determine appropriate further exploration with a view to drill testing at the earliest opportunity. Access to the VTEM anomalies varies considerably with some easily accessible for drilling whereas some will require light portable drilling rigs to be flown in by helicopter.



Follow-up exploration in the areas of the VTEM anomalies has commenced with programmes of geological mapping, in-fill drainage sampling, and soil and rock-chip sampling. Gravity surveys are being planned for the high to medium priority VTEM anomalies.

The Company has submitted an application for an Exploration Licence to cover the area to the west of the granted Adobha and Gerasi South Exploration Licences.

Ian Gandel
Chairman

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Note:

In accordance with Listing Rule 5.6 of the Australian Stock Exchange Limited, the geological information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on data compiled by Dr John Chisholm, a Fellow of The Australasian Institute of Mining and Metallurgy. 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 2004 Edition of the 'Australasian Code for Reporting of 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.