

This Document is important and requires your immediate attention. If you are in any doubt about the contents of this document, you should consult your broker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

The Directors, whose names appear on page 3 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and makes no omission likely to affect the import of such information.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority.

A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

London Stock Exchange plc has not itself examined or approved the contents of this document.

It is expected that Admission will become effective and dealings in the Ordinary Shares and Options will commence on AIM on 9 March 2004. This document refers to certain events as having occurred which may not have occurred on the date it is published but which are expected to occur prior to Admission.



GIPPSLAND LIMITED

**APPENDIX
FURTHER INFORMATION ON GIPPSLAND LIMITED IN
CONNECTION WITH ITS PROPOSED ADMISSION TO AIM**

This Appendix has been prepared in accordance with the Supplement to Schedule One of the AIM Rules published by London Stock Exchange plc. It includes, *inter alia*, all information that would otherwise have had to be included in the Company's Admission Document and which is not found in the current public disclosure record, or in current public disclosure filed by the directors and senior officers of the Company, all as filed with the Australian Stock Exchange (collectively, the "Public Record"). The Public Record can be accessed freely on www.asx.com.au. Additional information is available on the Company's web site on www.gippslandltd.com.au, where this document will be available for at least one month from the date of Admission. This Appendix should be read in conjunction with the Form of Announcement to be made by an applicant at least 20 business days prior to Admission (the "Announcement Form") and the Public Record. This Appendix and the Announcement Form together constitute "the Announcement".

Grant Thornton Corporate Finance, which is regulated by The Financial Services Authority, is acting as nominated adviser to Gippsland Limited. Hoodless Brennan & Partners plc, which is regulated by The Financial Services Authority, is acting as broker to Gippsland Limited. Neither Grant Thornton Corporate Finance nor Hoodless Brennan & Partners plc is acting for any other person and will not be responsible to anyone other than Gippsland Limited for providing the protections afforded to their respective clients or for providing advice in relation to the contents of this Announcement. No liability is accepted by Grant Thornton Corporate Finance nor Hoodless Brennan & Partners plc for the accuracy of any information or opinions contained in, or for the omission of any material information from, this document for which the Directors are solely responsible.



DEFINITIONS

"A\$"	Australian Dollars
"Admission"	admission of the Ordinary Shares and Listed Options to trading on AIM in accordance with the AIM Rules
"AIM"	the Alternative Investment Market of London Stock Exchange plc
"AIM Rules"	the rules of the Alternative Investment Market as published by London Stock Exchange plc
"ASX"	Australian Stock Exchange Limited
"Board" or "Directors"	the directors of the Company whose names are set out on page 3 of this Appendix
"Constitution"	the constitution of the Company at the date of this document
"Corporations Act"	the Corporations Act 2001 of the Commonwealth of Australia
"CREST"	the system for paperless settlement of trades and holdings of uncertificated shares administered by CRESTCo Limited in the United Kingdom
"Gippsland" or "the Company"	Gippsland Limited (ABN 31 004 766 376)
"Grant Thornton"	Grant Thornton Corporate Finance, the nominated adviser to the Company, which is authorised and regulated by The Financial Services Authority
"Hoodless Brennan"	Hoodless Brennan & Partners plc, the broker to the Company which is authorised and regulated by the Financial Services Authority
"JORC Code"	Joint Ore Reserve Committee Code
"Listed Options"	options to subscribe for ordinary Shares which are currently listed on ASX
"Listing Rules"	the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the Official List of ASX
"Ordinary Shares"	fully paid ordinary shares of the Company
"Placing"	a placing by Hoodless Brennan as agent for the Company of 25 million Ordinary Shares at a placing price of 2.8p
"Placing Agreement"	an agreement entered into between Hoodless Brennan, the Directors and the Company relating to the Placing, details of the terms being set out in paragraph 14.3
"Shareholders"	holders of Ordinary Shares in the Company
"UK"	the United Kingdom of Great Britain and Northern Ireland
"uncertificated" or "in uncertificated form"	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and entitlement to which, by virtue of the Uncertificated Securities Regulations 2001, may be transferred by means of CREST
"US\$"	United States Dollars



DIRECTORS, SECRETARY AND ADVISERS

Directors	Robert John (Jack) Telford John Damian Kenny John Morrison Chisholm	<i>Executive Chairman</i> <i>Executive Director</i> <i>Non-Executive Director</i>
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all of whose business address is:
Suite 34, Level 2
18 Stirling Highway
Nedlands WA 6009
Australia

Company Secretary	Julie Anne Wolseley
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Registered Office	Suite 34, Level 2 18 Stirling Highway Nedlands WA 6009 Australia
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Nominated Adviser	Grant Thornton Corporate Finance Grant Thornton House Melton Street Euston Square London NW1 2EP United Kingdom
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Broker	Hoodless Brennan & Partners plc 40 Marsh Wall London E14 9TP United Kingdom
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Australian Solicitors to the Company	Blakiston & Crabb 1202 Hay Street West Perth WA 6005 Australia
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Australian Auditors and Reporting Accountants	Grant Thornton Level 6, 256 St George's Terrace Perth WA 6000 Australia
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Share Registry Australia	Security Transfer Registrars Pty Limited 770 Canning Highway Applecross WA 6153 Australia
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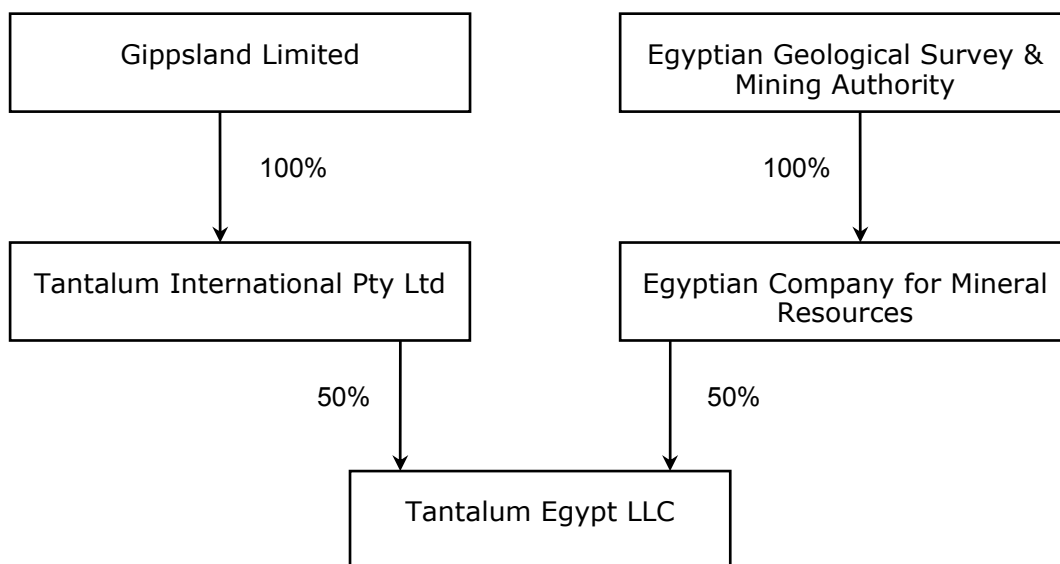
Share Registry United Kingdom	Computershare Investor Services PLC P O Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH United Kingdom
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ASX Code and AIM TIDM	GIP GIPO	Ordinary Shares Listed Options
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1. GIPPSLAND

1.1 The Company's main activity is the development of natural resources. Gippsland has incorporated the Egyptian registered joint venture company Tantalum Egypt LLC which is 50% owned by Tantalum International Pty Ltd a 100% owned subsidiary of Gippsland and 50% by the Egyptian Company for Mineral Resources which is 100% owned by the Egyptian Geological Survey and Mining Authority, which is itself owned by the sovereign state that is the Arab Republic of Egypt.



1.2 Tantalum Egypt LLC is the owner of the tenements which comprise the Egyptian Abu Dabbab and Nuweibi tantalum-tin-feldspar projects having a combined JORC Code resource of 138 million tonnes. The projects are located some 770km south of Cairo on the western shore of the Red Sea, some 25km from major national coastal highway and 25km from an international airport. The projects, which are accessible overland via a hard dirt road are located 75km south of the Red Sea port of Quseir.





Gippsland is currently completing a bankable feasibility study with respect to the 40 million tonne Abu Dabbab project.

- 1.3 The securities of Gippsland Limited are currently traded on the Australian Stock Exchange ("ASX") and will continue to be so traded.
- 1.4 The Ordinary Shares have been traded on the ASX since 9 June 1971 while the Options have traded since 31 December 2002.
- 1.5 The Company has adhered to all legal and regulatory requirements involved in having its securities traded on the ASX.
- 1.6 The Company has complied with the continuous disclosure requirements of the ASX. All significant changes in financial or trading position since the end of the financial year ended 30 June 2003 have been the subject of ASX announcements available on the web sites set out in the twenty day announcement as required to be made to AIM. Such announcements include the quarterly consolidated cashflow statements for the three months ended 30 September 2003. There is no material information concerning Gippsland which has not been announced to the ASX as at the date of this document.
- 1.7 The Directors have no reason to believe that its working capital will be insufficient for at least twelve months from the date of Admission.

2. INCORPORATION

- 2.1 The Company was registered as an Australian Public Company, limited by shares, on 2 April 1969. Its ACN number is 004 766 376.

3. SHARE CAPITAL

- 3.1 The issued share capital of the Company as at the date of this document is 139,528,359 fully paid Ordinary Shares of no par value. The Ordinary Shares have no nominal or par value and are recorded in the accounts of the Company at their issue price.
- 3.2 The Company does not have an authorised share capital. There is generally no limit in the Corporations Act or the Constitution on the power of the Directors to issue shares. However, subject to certain exceptions (including those in respect of pro rata issues and issues under employee schemes):
 - (a) Rule 7.1 of the ASX Listing Rules prohibits a company which is listed on the ASX from issuing shares or options representing more than 15% of its issued capital in any twelve month period without shareholder approval. Such shareholder approval requires an ordinary resolution passed by a simple majority; and
 - (b) Chapter 6 of the Corporations Act forbids the acquisition of a "relevant interest" in voting shares in the Company (whether by transfer or issue) if, as a result, the "voting power" of the acquirer (or any other person) would increase from 20% or below to more than 20%.

In addition, the Company has on issue 43,671,393 ASX Listed Options to subscribe for fully paid Ordinary Shares.

- 3.3 Save as disclosed in this document:
 - (a) no share of the Company has been issued or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash;
 - (b) no share of the Company is under option or is agreed conditionally or unconditionally to be put under option;
 - (c) no commission, discount, brokerage or other special term has been granted by the Company or is now proposed in connection with the issue or sale of any part of the share of the Company;



- (d) no founder, management or deferred shares have been issued by the Company; and
- (e) no amount or benefit has been paid or is to be paid or given to any promoter of the Company.

4. SETTLEMENT AND CREST

4.1 UK Registered Shareholders and CREST

CREST is a computerised paperless share transfer and settlement system which allows shares and other securities, including depository interests, to be held in electronic rather than paper form. The Directors will apply for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if a shareholder so wishes as contemplated by the Uncertificated Securities Regulations 2001. CREST is a voluntary system and shareholders who wish to retain certificates will be able to do so.

4.2 Australian Registered Shareholders and CHES

Settlement on the Australian register will continue to be conducted under the ASX's electronic CHES system.

5. MARKETING AND TRADING OF SHARES AND OPTIONS

The Ordinary Shares and Listed Options are listed, and will continue to be listed, on the ASX and the Company has made application for all of its issued ordinary share capital and its ASX listed Options to be admitted to trading on AIM.

It is emphasised that, although the Ordinary Shares and Options will trade on AIM, the Company will not be subject to takeover regulation in the UK. The City Code on Takeovers and Mergers will not apply to the Company. However, it is subject to provisions regulating takeovers under Australian law.

6. LOCK IN ARRANGEMENTS

Each of the Directors has entered into lock in arrangements in respect of all of their shareholding and optionholding, the terms of which are more fully described in paragraph 14.3 of this document.

Under the terms of the lock in arrangements the relevant Directors have agreed not to sell, transfer or otherwise dispose of any Ordinary Shares or Options held by them other than in certain specified circumstances for a period of 12 months following Admission.

The lock-in arrangements outlined above will apply in respect of 13,838,124 Ordinary shares representing 9.92% of the issued share capital of the Company on Admission and 11,258,280 Options.

7. CONSTITUTION

7.1 Powers of the Company

The Company, being incorporated, or taken to have been incorporated, under the Corporations Act, has the legal capacity and powers of an individual both in and outside Australia. The Company also has all the powers of a body corporate, including the power to:

- (a) issue and cancel shares in the Company;
- (b) issue debentures (despite any rule of law or equity to the contrary, this power includes a power to issue debentures that are irredeemable, redeemable only if a contingency, however remote, occurs, or redeemable only at the end of the period, however long);
- (c) grant options over un-issued shares in the Company;
- (d) distribute any of the Company's property among the shareholders, in kind or otherwise;



- (e) give security by charging uncalled capital;
- (f) grant a floating charge over the Company's property;
- (g) arrange for the Company to be registered or recognised as a body corporate in any place outside Australia; and
- (h) do anything that it is authorised to do by any other law (including the law of a foreign country).

7.2 Directors

The Company must have at least 3 directors (not counting alternate directors). At least 2 of the Directors must ordinarily reside in Australia. Under the Constitution, the Company may not have more than 9 Directors, unless the Company resolves otherwise.

The business of the Company is managed by, or under the direction of, the Directors, who may exercise all powers of the Company that the Constitution, the Corporations Act or the ASX Listing Rules do not require to be exercised by the Company in general meeting.

Without limiting the generality of the above, the Directors may at any time:

- (a) exercise all powers of the company to borrow money;
- (b) charge any property or business of the Company or all or any of its uncalled capital;
- (c) issue debentures or give any other security for a debt, liability or obligation of the Company or any other person;
- (d) sell or otherwise dispose of the whole or any part of the assets, undertakings and other properties of the Company, but:
 - (i) the Company shall comply with the ASX Listing Rules;
 - (ii) any sale or disposal of the Company's main undertaking shall only be made subject to the prior approval or ratification of the sale or disposal by the Company in general meeting; and
 - (iii) on the sale or disposition of the Company's main undertaking or on the liquidation of the Company, no commission or fee shall be paid to any Director or Directors or to any liquidator of the Company unless it shall have been ratified by the Company in general meeting;
- (e) take any action necessary or desirable to enable the Company to comply with the ASX Listing Rules.

The Directors may delegate any of their powers, other than those which by law must be dealt with by the Directors as a board, to a committee or committees.

At every annual general meeting of the Company one-third of the Directors (other than alternate Directors and the Managing Director), or if their number is not a multiple of 3, then such number as is appropriate to ensure that no Director other than alternate Directors and the Managing Director holds office for more than 3 years, shall retire from office. A retiring Director is eligible for re-election.

The Company may, subject to Corporations Act, at the general meeting at which a Director so retires, fill the vacated office by electing the retiring Director or another person to that office by resolution.

Questions arising at any Directors' meeting shall be decided by a majority of votes. In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote, but the Chairman shall have no casting vote where only 2 Directors are competent to vote on the question.



7.3 Indemnity

Subject to the Corporations Act, every person who is or has been an officer or auditor of the Company shall be indemnified for the relevant amount out of the property of the Company against any liability to another person (other than the Company or a Related Body Corporate) incurred by the person in the person's capacity as, or as a result of the person having been an, officer or auditor of the Company or of a Related Body Corporate in respect of any act or omission whatsoever and howsoever occurring unless the liability arose out of conduct involving a lack of good faith, dishonesty, negligence, default, breach of duty or breach of trust.

Subject to the Corporations Act, every person who from time to time is or has been an officer or auditor of the Company shall be indemnified for costs and expenses incurred by the person in defending proceedings, whether civil or criminal, in relation to any act or omission of the person as an officer or auditor of the Company or of a Related Body Corporate in which judgement is given in favour of the person or in which the person is acquitted or in connection with an application, in relation to such proceedings, in which the Court grants relief to the person under the Corporations Act.

The Company may, to the extent permitted by law purchase and maintain insurance or pay or agree to pay a premium for insurance for any person to whom the indemnity applies against any liability incurred by the person as an officer or auditor of the Company or of a Related Body Corporate including, but not limited to, a liability for negligence or for reasonable costs and expenses incurred in defending proceedings, whether civil or criminal and whatever their outcome.

7.4 Rights attaching to Ordinary Shares

Full details of the rights attaching to the Ordinary Shares are set out in the Company's Constitution, a copy of which can be inspected on the Company's website.

The following is a summary of the rights which attach to the Ordinary Shares.

(a) Voting rights

Each Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and on a poll one vote for each Ordinary Share held in the capital of the Company. Each Shareholder is entitled to notice of, and to attend and vote at, general meetings.

In the event of a breach of any escrow agreement entered into by the Company under the Listing Rules in relation to any Ordinary Shares which are classified under the Listing Rules or by ASX as restricted securities, the Shareholder holding the Ordinary Shares in question shall cease to be entitled to any voting rights in respect of those Ordinary Shares for so long as the breach subsists.

(b) Dividend rights

The profits of the Company, which the Directors from time to time determine to distribute by way of dividends, are divisible amongst the Shareholders in proportion to the number of Ordinary Shares held by them irrespective of the amount paid or credited as paid on the Ordinary Shares.

In the event of a breach of any escrow agreement entered into by the Company under the Listing Rules in relation to any Ordinary Shares which are classified under the Listing Rules or by ASX as restricted securities, the Shareholder holding the Ordinary Shares in question shall cease to be entitled to any dividends in respect of those Ordinary Shares for so long as the breach subsists.

(c) Rights on wind up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set out such value as he considers fair upon any property to be so divided, and may determine how the



division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may with the authority of a special resolution vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability. Subject to the rights of the Shareholders (if any) entitled to Ordinary Shares with special rights in a winding up, all moneys and property that are to be distributed among Shareholders on a wind up shall be so distributed in proportion to the Ordinary Shares held by them respectively irrespective of the amount paid up or credited as paid up on the Ordinary Shares.

On a winding up of the Company, the holders of any Ordinary Shares which are classified under the Listing Rules or by ASX as restricted securities and which are subject to escrow restrictions at the commencement of the winding up shall rank on a return of capital behind all other Ordinary Shares in the Company.

(d) Transfer of Ordinary Shares

Subject to the Constitution of the Company, the Corporations Act, any other laws and the Listing Rules, Ordinary Shares in the Company are freely transferable.

(e) Future Increases in Capital

The Company may by ordinary resolution:

- (i) increase its nominal Ordinary Shares by the creation of new Ordinary Shares of such amount as is specified in the resolution;
- (ii) consolidate and divide all or any of its nominal capital into Ordinary Shares of a larger amount than its existing Ordinary Shares;
- (iii) subdivide all or any of its Ordinary Shares into Ordinary Shares of a smaller amount; and
- (iv) cancel Ordinary Shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person or have been forfeited and, reduce its nominal Share Capital by the amount of the Ordinary Shares so to be cancelled.

The allotment of and issue of any new Ordinary Shares is under the control of the Directors from time to time of the Company. Subject to restrictions on the allotment of Ordinary Shares to Directors or their associates contained in the ASX Listing Rules, the Constitution of the Company and the Corporations Act, the Directors may allot or otherwise dispose of Ordinary Shares on such terms and conditions as they see fit.

(f) Variation of rights

If at any time the Share capital of the Company is divided into different classes of shares the rights attached to any class (unless otherwise provided by the terms of the issue of the shares of that class) may be varied whether or not the Company is being wound up with the consent in writing of three quarters of the issued shares of that class or if authorised by a special resolution at a separate meeting of the holders of shares of that class.

The Directors do not anticipate declaring a dividend on the Company's Ordinary Shares in the foreseeable future.



8. DIRECTORS' INTERESTS

The interests of the Directors and the persons connected with them in the Ordinary Shares and Options of the Company are set out in the Public Record and as filed with the ASX.

9. ADDITIONAL INFORMATION ON THE DIRECTORS

9.1 The directorships and partnerships of the Directors, other than of the Company and its subsidiaries and associated companies, held at present and within the five years preceding the date of this Announcement are as follows:

Name	Current Directorships	Former Directorships (within past 5 years)
RJ Telford (Aged 57)	Abutan Pty Limited Eco-Bag Australia Pty Limited Eco International Pty Limited here2win.com Pty Limited Tantalum International Pty Limited Teltech Corporation Pty Limited	Gull Mining Pty Limited
JM Chisholm (Aged 55)	Abutan Pty Limited Continental Resources Management Pty Limited Mandu Pty Ltd Digital Library Company Pty Limited	
JD Kenny (Aged 34)	Abutan Pty Limited Chatsworth Stirling Pty Limited Chester Mining Limited GFB Limited Grand Unification Pty Limited Here2win.com Pty Limited Kenny Family Enterprises Pty Limited Pemberton Premium Vineyards Pty Limited Pemberton Premium Vineyards Land Pty Limited Stonefruit Orchards Pty Limited System State Enterprises Pty Limited Tantalum International Pty Limited Tinahely Pty Limited Tony Barlow Australia Limited Venture Works JDK Pty Limited Wanderjahr Pty Limited	Aurex Consolidated Limited Chatsworth Stirling Management Limited Chesterfields Financial Services Pty Limited E-Auction Australasia Pty Limited Finders Indian Resources Pty Limited Integrated Therapies – Total Movement Pty Limited Mining 2000 Pty Limited Oropa Limited Rural Investment Group Pty Limited Sanford Limited Sterling Financial Services Limited Sterling Management Group Pty Limited System State Enterprises Pty Limited Wirecity Pty Limited



- 9.2 Except as disclosed above, none of the Directors:
- (a) has any unspent convictions in relation to indictable offences; or
 - (b) has been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to the assets of such director; or
 - (c) has been a director of any company which, while he was a director or within 12 months after he ceased to be a director, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors; or
 - (d) has been a partner of any partnership which, while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or
 - (e) has had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or
 - (f) has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

10. DIRECTORS' SERVICE CONTRACTS

- 10.1 The Company has entered into service agreements with all 3 directors of the Company via their own private consulting companies. None of the directors as at the date of this document receive either salaries or directors fees of any kind. All 3 service agreements were signed on and commence from 1 January 2004. All 3 service agreements are each for a term of 12 months, after which date at least three months written notice by one of the parties is required to terminate the agreement. The current fees payable to Robert John (Jack) Telford's consulting company is \$175,000 plus GST per annum. The current fees payable to John D Kenny's consulting company is \$36,000 plus GST per annum. The current fees payable to John M Chisholm's consulting company is \$36,000 plus GST per annum. All the arrangements are on normal standard commercial terms. There are no unusual severance or termination arrangements.
- 10.2 In the financial year ended 30 June 2003 the aggregate amount of fees paid to the Directors or their consulting companies was A\$196,798.
- 10.3 On the basis of the arrangements in force at the date of this document, it is estimated that the aggregate amount of fees payable to the Directors or their consulting companies for the year ending 30 June 2004 will be A\$247,000 plus GST.

11. PRINCIPAL HOLDERS OF SECURITIES

The Company is aware of the following shareholdings as at 27 February 2004, being the latest practicable date prior to the issue of this Announcement, which represent three (3) per cent or more of the Company's issued and outstanding Ordinary Shares including the Ordinary Shares to be issued pursuant to the Placing:

Shareholder	No. of Ordinary Shares Owned	Percentage of Ordinary Shares
Situate Pty Ltd	11,450,000	8.21%
Eco International Pty Ltd	11,171,695	8.01%
King Town Holdings Pty Ltd	6,500,000	4.66%
Sandstone Securities Pty Ltd	6,200,000	4.44%
Taveroam Pty Ltd	5,900,000	4.23%
Sunvest Corporation Limited	5,166,665	3.70%



12. SHARE OPTIONS

As at the date of this document, 43,671,393 listed Options exercisable at A\$0.09 on or before 31 December 2007 were on issue.

In addition as part of the Placing Hoodless Brennan has been granted an option to subscribe for 2% of the issued share capital of the Company as enlarged by the Placing.

13. TAXATION

Summary of Taxation Implications

The paragraphs below comment on the general Australian and UK taxation position of individual and corporate resident and non-resident Shareholders in relation to the payment of dividends by the Company and the future disposal of their Ordinary Shares.

The following comments are intended as a general guide to the UK and Australian tax implications only. This should not be a substitute for individual advice from an appropriate professional adviser and all persons are strongly advised to obtain their own professional advice on the tax implications of acquiring, owning and disposing of Ordinary Shares based on their own specific circumstances.

The comments are based on the law and understanding of the practice of the tax authorities in the UK and Australia at the date of this document.

13.1 Australian Taxation

(a) Taxation of Future Share Disposals

Australian Resident Shareholders – General

Australian Shareholders who trade Ordinary Shares in the ordinary course of their business will hold their Ordinary Shares on revenue account. These Shareholders must include any profits made on the disposal of their Ordinary Shares in their assessable income. Shareholders who include profit made on the disposal of their Ordinary Shares in their assessable income are not assessed for tax under the capital gains tax provisions but under the ordinary income tax provisions.

All other Australian Shareholders will hold their Ordinary Shares on capital account. These Australian resident Shareholders must consider the impact of Australian capital gains tax rules on the disposal of their Ordinary Shares.

A Shareholder derives a capital gain on the disposal of Ordinary Shares where the consideration received on disposal exceeds the capital gains tax cost base of the Ordinary Shares.

A Shareholder derives a capital loss on the disposal of Ordinary Shares where the consideration received on disposal is less than the capital gains tax reduced cost base of the Ordinary Shares.

All capital gains and losses for the year are added together to produce a net capital position. A net capital gain for a financial year is included in the resident taxpayer's assessable income and is subject to taxation in Australia. A net capital loss may generally be carried forward to the next financial year to be deducted against future capital gains.

Non-Australian Resident Shareholders – General

Non-Australian resident Shareholders who hold Ordinary Shares on revenue account may need to include profits from the sale of Ordinary Shares in their assessable income. Applicable double taxation agreements may provide relief from Australian taxation.

Non-Australian resident Shareholders who do not hold Ordinary Shares on revenue account may be subject to Australian capital gains tax upon disposal of



their Ordinary Shares. Non-Australian resident Shareholders will only be subject to Australia's capital gains tax on the disposal of Ordinary Shares if they and their associates held more than 10% of the issued capital of the Company at any time within five years of the disposal. These Shareholders may be able to obtain relief from Australian capital gains tax via the application of any relevant double taxation agreement.

Non-Australian resident Shareholders, who together with associates own less than 10% of the Company's issued capital, will not be subject to Australia's capital gains tax rules.

50% Capital Gains Tax Discount

Shareholders that are either individuals, trusts or complying superannuation funds (and in some cases a life insurance company) (whether resident or non-Australian resident) may be entitled to obtain a 50% capital gains tax discount in relation to any capital gain derived from disposal of their Ordinary Shares. This 50% capital gains tax discount is only available if the Shareholder has held the Ordinary Shares for at least twelve months. This concession will result in only 50% of any capital gain being assessable. The concession is not available to a Shareholder that is a company.

(b) Dividends

Dividends are paid to Shareholders from the accounting profits of the Company. Shareholders will receive credits for any corporate tax that has been paid on these profits. These credits are known as "franking credits" and they represent the extent to which a dividend is "franked". It is possible for a dividend to be either fully or partly franked. Where a dividend is partly franked the franked portion is treated as fully franked and the remainder as being unfranked.

It should be noted that the definition of dividend for Australian tax purposes is broad and can include certain capital returns and off-market share buy-backs.

Australian Resident Shareholders – Individuals

Individual resident Shareholders will need to include dividends in their assessable income in the period in which they receive the dividend. Individual Shareholders will receive tax credits for any franking credits attached to the dividend. Individual Shareholders may receive a tax refund if the franking credits attached to the dividend exceed their tax payable on the receipt of the dividend. Individuals will need to pay additional tax at their marginal rate of tax if the tax payable as a result of receiving the dividend exceeds the franking credits attached to the dividend.

Australian Resident Shareholders – Corporate

Dividends payable to Australian resident corporate Shareholders will be included in their assessable income in the year the dividend is paid. The corporate Shareholder will be entitled to a franking credit to the extent that the dividend is franked. This would result in the dividend being free of further company tax to the extent that it is franked. A fully franked dividend should effectively be free of tax to an Australian resident corporate Shareholder.

Non-Australian Resident Shareholders – General

Unfranked dividends payable to non-Australian resident Shareholders will be subject to withholding tax. Withholding tax is generally imposed at thirty per cent unless a Shareholder is a resident of a country with whom Australia has a double taxation agreement. The double taxation agreement may reduce the withholding tax rate to a range of between 5% and 15% depending on the country of residence of the non-Australian resident Shareholder.



Fully franked dividends are not subject to withholding tax. Non-Australian resident Shareholders may be assessable for tax on any such dividends. They should consider the impact of dividends under their domestic tax regime.

13.2 *UK Taxation of UK Resident Shareholders*

The following paragraphs broadly outline the taxation position of UK Shareholders in Gippsland. The following paragraphs provide general advice only. Each Shareholder's specific circumstances will impact on their taxation position. All Shareholders are recommended to obtain their own taxation advice. In particular, all Shareholders, including UK tax resident Shareholders are advised to consider the potential impact of any relevant double tax agreements on their shareholding.

(a) Taxation of Chargeable Gains

UK Resident Shareholders

A disposal of Ordinary Shares by a Shareholder who is (at any time in the relevant UK tax year) resident or ordinarily resident in the UK may give rise to a chargeable gain or allowable loss for the purpose of UK taxation of chargeable gains.

Non-UK Resident Shareholders

A Shareholder who is not resident in the UK for tax purposes but who carried on a trade, profession or vocation in the UK through a branch or agency and has used, held or acquired the Ordinary Shares for the purpose of such trade, profession or vocation may also be subject to UK taxation on chargeable gains on a disposal of those Ordinary Shares.

Special rules may apply to tax gains on disposals made by individuals at a time when they are temporarily not resident nor ordinarily resident in the UK.

(b) Dividends

The Company will not be required to withhold UK tax from dividends paid on the Ordinary Shares. Any holder of Ordinary Shares who is resident in the UK, or who carries on a trade, profession or vocation in the UK to which the Ordinary Shares are attributable, will generally be subject to UK tax on income in respect of any dividends paid on the Ordinary Shares. As these dividends will be foreign income for the purposes of UK taxation, they will be subject to a different tax regime from that applying to dividends received from UK companies. In particular, there will be no notional UK tax credit attaching to the dividends.

If the dividend has been subject to Australian dividend withholding tax ("WHT"), the amount of the dividend received plus the WHT will be included in the assessable income of the UK Shareholder. In these circumstances the Shareholder should be entitled to a credit for the WHT. The credit would be limited to the lesser of the WHT or the UK tax payable on the combined amount of the dividend plus WHT. If the WHT exceeds the UK tax payable on the dividend, the excess is neither creditable nor repayable.

UK Resident Company Shareholder

Dividends paid to a UK resident company Shareholder will be assessable income of the Shareholder. If the dividend has been subject to WHT it will be treated as described above.

If the UK resident company Shareholder is unable to use the foreign tax credits (for example because of tax losses) it may be able to claim a tax deduction for the foreign tax paid. Depending on the structure through which the investment is held, it may also be able to pool excess tax credits against other low taxed dividend income, although this is subject to detailed requirements outside the scope of this note.

Non Portfolio Interest



If a Shareholder which is a UK company has a non portfolio interest (at least 10 per cent) in the Company, it may also be entitled to a credit for Australian company tax paid on the underlying profits. However, the credit would be limited to the lesser of (a) the underlying tax and the WHT taken together and (b) an amount equal to the rate of UK corporation tax payable by the Company multiplied by the dividend received.

(c) Inheritance Tax

If any Shareholder is regarded as domiciled in the UK for inheritance tax purposes, inheritance tax may be payable in respect of the Ordinary Shares on the death of the Shareholder or on any gift of the Ordinary Shares.

In the case of a Shareholder who is not regarded as domiciled in the UK for these purposes, no such UK inheritance tax will be payable if the Ordinary Shares are not situated in the UK for inheritance tax purposes. The Ordinary Shares must be regarded as situated in the UK for these purposes if they are registered on the Company's UK branch register.

(d) UK Stamp Duty and Stamp Duty Reserve Tax

The following comments do not apply to Ordinary Shares issued or transferred into depository or clearance arrangements, to which special rules apply.

There is generally no liability to UK stamp duty or stamp duty reserve tax ("SDRT") on the issue of Ordinary Shares by Gippsland.

Any agreement to transfer, or any transfer of, Ordinary Shares will generally not be subject to UK stamp duty or SDRT at the rate of 0.5 per cent of the consideration for the transfer provided the Ordinary Shares continue to be registered in Australia only. UK stamp duty may potentially arise on transfers of other Ordinary Shares depending on the circumstances, such as whether the transfer is executed in the UK.

14. MATERIAL CONTRACTS

In addition to the agreements summarised in the Public Record (which can be found at www.gippslandltd.com.au), the following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company or its subsidiaries during the two years immediately preceding the date of this Announcement and are, or may be, material as of the date of this Announcement:

14.1 An engagement letter dated 4 November 2003 between the Company and Grant Thornton under which Grant Thornton has agreed to act for the Company in relation to the application for Admission and as the Company's nominated adviser until terminated by either party on 7 days' prior written notice. The Company has agreed to pay Grant Thornton a fee of £30,000 in relation to the application for Admission and an annual retainer of £20,000. The engagement letter contains an indemnity from the Company in respect of the services provided by Grant Thornton.

14.2 An engagement letter dated 1 December 2003 between the Company and Hoodless Brennan under which Hoodless Brennan has agreed to act as the Company's broker in relation to the application for Admission. The Company has agreed to pay Hoodless Brennan a fee of £10,000 in relation to the application for Admission, plus a commission equal to 7% of the value of shares placed under the Placing (calculated at the placing price) and the granting of options totalling 2% of the issued share capital of the Company, as enlarged by the Placing, at the placing price for a period of 3 years.

Hoodless Brennan's appointment as Broker to the Company is to be subject to due diligence and market conditions. Confirmation of their acceptance to act as the Company's broker will be subject to a Broker Agreement, to be entered into immediately prior to the AIM admission. Hoodless Brennan's appointment as Broker will be for a period of 12 months from the date of the Broker Agreement and



thereafter shall be terminable by the giving of 90 days written notice by either party. The Company has agreed to pay Hoodless Brennan an annual retainer of £15,000.

- 14.3 A Placing Agreement dated 3 March 2004 between the Company (1) Hoodless Brennan (2) the Executive Directors (3) and John Morrison Chisholm (4) under which Hoodless Brennan, as agent for the Company, agreed, in reliance on certain warranties, to use its reasonable endeavours to procure subscribers to the Placing. The Executive Directors and John Morrison Chisholm have given certain representations, warranties and indemnities as to the accuracy of the information contained in this document and other matters in relation to the Company and its business. Under the Placing Agreement the Company has agreed to pay Hoodless Brennan the fees, commissions and options referred to in paragraph 14.2 above. In addition under the Placing Agreement the Executive Directors and John Morrison Chisholm have undertaken that, save in limited circumstances, they will not (and will procure, in so far as they are able, that any person with whom they are connected for the purposes of section 346 of the Act will not) during the period of twelve months from Admission dispose of any interest in Ordinary Shares held by them or their connected persons (as appropriate) at Admission.

15. LITIGATION

One of Gippsland's investee companies is Here2win.com Pty Ltd in which Gippsland owns a 90% interest. Here2win.com Pty Ltd is the owner of various unique and highly interactive Internet horse racing gaming concepts. On the 14 August 2000 Gippsland announced to the Australian Stock Exchange Ltd that the services of the Chief Executive Officer of Here2win.com Pty Ltd, Mr Alex Aguero, had been terminated. Mr Aguero, through Highforce Investments Pty Ltd, continues to hold a 10% equity stake in Here2win.com Pty Ltd. Mr Aguero has commenced litigation against Gippsland seeking payment of what he alleges is unpaid compensation for his services rendered while CEO. The statement of claim filed by Mr Aguero with the Supreme Court of Western Australia claims, amongst other things, damages or alternatively the sum of A\$1,840,000 plus costs. Gippsland holds the view that the claim is completely without merit and accordingly the claim is being vigorously defended.

There are no other legal or arbitration proceedings which are active, pending or threatened against, or being brought by, the Company or any Shareholder of the Group which are having or may have a significant effect on the Company's or the Group's financial position.

16. GENERAL

- 16.1 Other than those disclosed in this Appendix or as otherwise disclosed on the Public Record, there have been no interruptions in the Company's business which may have or have had in the last twelve months a significant effect on the Company's financial position.
- 16.2 Other than those disclosed in this Appendix or as otherwise disclosed on the Public Record, there are no significant investments by the Company under active consideration.
- 16.3 Other than as disclosed in this Appendix or as otherwise disclosed on the Public Record, the Directors are not aware of any exceptional factors which have influenced the Company's activities.
- 16.4 There has been no significant change in the financial or trading position of the Company since 30 June 2003, being the date to which the last audited financial statements of the Company were published.
- 16.5 There are no persons (excluding professional advisers otherwise disclosed in this Announcement or in the Public Record and trade suppliers) who have received, directly or indirectly, from the Company within the 12 months preceding the date of this Announcement nor have they entered into contractual arrangements (not otherwise disclosed in this Announcement) to receive, directly or indirectly from the



Company on or after Admission fees or securities in the Company or any other benefit, with a value of £10,000 or more at the time of Admission.

- 16.6 The Company's accounting reference date is 30 June.
- 16.7 Grant Thornton has given and has not withdrawn its written consent to the inclusion in this Announcement of references to its name in the form and context in which it appears.
- 16.8 Hoodless Brennan has given and has not withdrawn its written consent to the inclusion in this Announcement of references to its name in the form and context in which it appears
- 16.9 The costs, charges and expenses payable by the Company in connection with or incidental to Admission, including registration and stock exchange fees, legal and accounting fees and expenses are estimated to amount to A\$250,000, (£104,000) excluding VAT.