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26 August 2009

Company Announcements Office  
ASX Limited  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

### AMENDMENT OF OPTION TERMS

Gippsland Limited ("**Company**") announces that it has obtained agreement from the International Finance Corporation ("**IFC**") to amend the terms of 25 million options to acquire shares in the Company ("**Options**") currently held by IFC. The Options were issued in June 2006 and are exercisable at \$0.135 each on or before 26 May 2012.

IFC is not a related party of the Company. At the time the Options were issued, the Company was in discussions with IFC as the proposed financier for the Company's Abu Dabbab tantalum-tin project in Egypt. After due consideration, the Company sought to obtain financing from other sources.

It has recently come to the Company's attention that notwithstanding that the issue of the Options was put before shareholders, certain Option terms were non-compliant with the Listing Rules. The relevant terms relate to the adjustment of the exercise price and the number of underlying shares over which the Options could be exercised in certain circumstances, such as bonus issues or rights issues. To date, IFC has not exercised any of its Options, nor has it sought to rely on any of the provisions adjusting the exercise price or the number of shares underlying the Options.

In consultation with the ASX, and with IFC's agreement, the Company intends to rectify the situation by amending the abovementioned terms of the Options to comply with the Listing Rules. The amendments are subject to approval by the Company's shareholders pursuant to Listing Rule 6.23.4. A notice of meeting and the associated meeting materials will be provided to shareholders in due course for the purpose of approving the necessary amendments.

Yours faithfully  
Gippsland Limited

A handwritten signature in black ink, appearing to read "Jack Telford", written over a horizontal line.

RJ (Jack) Telford  
Executive Director  
Chief Executive Officer