

28 August 2009

**INSERT OPTION HOLDER ADDRESS**

Dear Option holder

## RIGHTS ISSUE

The directors of Gippsland Limited ("**Company**") have announced the Company will be issuing a prospectus for a pro-rata renounceable rights issue to shareholders of approximately 121,029,937 new shares on the basis of two new shares for every seven shares held on the record date at an issue price of AUD\$0.032 per new share to raise approximately AUD\$3,872,958 ("**Rights Issue**").

The Company has determined pursuant to Listing Rule 7.7.1(a) of the Listing Rules of ASX Limited ("**ASX Listing Rules**"), that it is unreasonable to make an offer pursuant to the Rights Issue to shareholders outside of Australia, New Zealand and the United Kingdom. Therefore, in compliance with ASX Listing Rule 7.7.1(b), the Company is not required to make offers pursuant to the Rights Issue to shareholders registered outside of Australia, New Zealand and the United Kingdom. *Accordingly an option holder who is resident outside of Australia, New Zealand or the United Kingdom will not be able to participate in the Rights Issue upon exercise of their options.*

The Record Date for determining entitlements under the Rights Issue is 8 September 2009.

To exercise your options and thereby participate in the Rights Issue you will need to deliver to the Company the following:

1. a notice specifying the number of options to be exercised;
2. your option certificate covering that number of options; and
3. payment for the exercise price for those options.

Each share allotted as a result of the exercise of an option will rank pari passu with all other issued ordinary shares of the Company.

*Option exercise notices must be received by no later than 5.00pm AWST on 3 September 2009.*

For further information please contact the undersigned on +61 8 9340 6000.

Yours faithfully

RJ (Jack) Telford  
Executive Director  
Chief Executive Officer  
Gippsland Limited  
[www.gippslandltd.com](http://www.gippslandltd.com)