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ABN 31 004 766 376

31 August 2009

Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

**RENOUNCEABLE RIGHTS ISSUE
NON-ELIGIBLE SHAREHOLDERS**

Gippsland Limited advises that the following letter will today be mailed to shareholders with registered addresses outside Australia, New Zealand or the United Kingdom.

Yours faithfully
Gippsland Limited

A handwritten signature in black ink, appearing to read 'RJ Telford', written in a cursive style.

RJ (Jack) Telford
Executive Director
Chief Executive Officer
Gippsland Limited
www.gippslandltd.com

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<insert overseas shareholder address>

Dear Shareholder

RIGHTS ISSUE

As you may be aware, Gippsland Limited ("**Company**") is currently undertaking a pro rata renounceable rights issue pursuant to a prospectus dated 28 August 2009 ("**Prospectus**"). The Company expects that the rights issue will close on 28 September 2009.

The rights issue is open to existing shareholders in Australia, New Zealand and the United Kingdom on the basis of two (2) New Shares for every seven (7) Shares held at an issue price of AU\$0.032 per New Share, to raise approximately AU\$3,872,958.

The Company has determined, pursuant to Listing Rule 7.7.1(a) of the Listing Rules of ASX Limited ("**ASX Listing Rules**"), that it would be unreasonable to make offers under the Prospectus to all shareholders in countries outside of Australia, New Zealand and the United Kingdom. Accordingly, in compliance with ASX Listing Rule 7.7.1(b), the Company wishes to advise you that it will not be extending the rights issue to you.

In compliance with ASX Listing Rule 7.7.1(c), the Company has appointed Maiden Capital Pty Ltd ("**Nominee**") as nominee for foreign holders of the Company's securities. The Company advises these foreign holders that the Nominee will arrange for the sale of the rights that would have been given to these foreign holders, and if they are sold, for the net proceeds to be sent to the foreign holders.

Please note it is possible that no net proceeds will be available for distribution to foreign holders, after the costs of the sale have been paid to the Nominee. We will inform you in due course of the outcome of the sale of your rights.

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

Yours faithfully

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

RJ (Jack) Telford
Executive Director and Chief Executive Officer
Gippsland Limited
www.gippslandltd.com