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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
ELIGIBLE SHAREHOLDERS**

Gippsland Limited advises that the following letter will today be mailed to shareholders with registered addresses within 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

31 August 2009

<shareholder address>

Dear Shareholder

INFORMATION FOR SHAREHOLDERS PRO RATA RENOUNCEABLE RIGHTS ISSUE

As you may be aware, the Company will shortly be offering to you an opportunity to acquire more shares in the Company pursuant to a pro-rata renounceable rights issue to shareholders of approximately 121,029,937 fully paid ordinary shares ("**New Shares**") on the basis of two New Shares for every seven shares held by you at 5.00pm AWST on 8 September 2009, at an issue price of 3.2 cents per New Share, to raise approximately \$3,872,958 ("**Rights Issue**"). This offer will be made pursuant to a prospectus ("**Prospectus**") and if you wish to participate in the Rights Issue, you will need to complete the Entitlement and Acceptance Form that will accompany the Prospectus.

A copy of the Prospectus has been lodged with ASX and is available on the ASX website (www.asx.com.au).

Pursuant to the Listing Rules of ASX Limited ("**Listing Rules**"), the Company is required to provide to you certain information before proceeding with the Rights Issue. This letter contains all the information required by Appendix 3B of the Listing Rules.

1. Approximately 121,029,937 New Shares will be issued pursuant to the Rights Issue (assuming no existing options are exercised). The New Shares will be fully paid ordinary shares.
2. The New Shares to be issued will rank equally in all respects from the date of allotment with the existing quoted ordinary shares.
3. The issue price of the New Shares will be \$0.032 (3.2 cents) each.
4. The Company will apply for quotation of the New Shares issued pursuant to the Rights Issue on the official list of the ASX.
5. The purpose of the Rights Issue is, after meeting the expenses of the Rights Issue, to raise funds for the Company's Abu Dabbab tantalum/tin project in Egypt, specifically to complete the final bankable feasibility study, the costs of due diligence related to financing, working capital, business development, exploration of existing projects and repayment of Directors' loans to the Company.
6. It is anticipated the New Shares will be entered into uncertificated holdings on 7 October 2009.

7. The total number and class of all securities quoted on ASX (including the maximum number of New Shares to be issued in the Rights Issue but assuming no existing options are exercised prior to the record date) is as follows:

Number	Class
544,634,716	Ordinary shares

8. The total number and class of all securities not quoted on the ASX is as follows:

Number	Exercise Price	Expiry Date
25,000,000	\$0.135	26 May 2012
4,000,000	£0.07	15 December 2011
17,000,000	\$0.15	31 May 2012
10,000,000	\$0.087	14 December 2011

9. The Company currently has no dividend policy.
10. No shareholder approval for the Rights Issue is required.
11. The Rights Issue is *renounceable*.
12. The New Shares in the Rights Issue will be offered on the basis of two New Shares for every seven shares held by the shareholder on 5.00pm AWST on 8 September 2009.
13. The offer under the Rights Issue relates to fully paid ordinary shares in the capital of the Company.
14. The "*ex date*" is 2 September 2009.
15. The *record date* to determine entitlements is 8 September 2009.
16. There are no holdings on different registers (or subregisters), therefore there will be no aggregation for calculating entitlements.
17. Fractional entitlements will be rounded up.
18. The Company will not be sending an offer under the Rights Issue to any security holders resident outside of Australia, New Zealand and the United Kingdom.

In compliance with Listing Rule 7.7.1 of the Listing Rules, the Company has decided that it is unreasonable to make the offer to security holders registered outside of Australia, New Zealand and the United Kingdom having regard to each of the following:

- the number of security holders registered outside of Australia, New Zealand and the United Kingdom;
- the number and value of the securities to be offered to security holders outside of Australia, New Zealand and the United Kingdom; and

- the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

The Company will send to each of the security holders outside of Australia, New Zealand and the United Kingdom details of the offer and advise them that the Company will not be making the offer to them.

19. In compliance with Listing Rule 7.7.1 of the Listing Rules, the Company has appointed a nominee of foreign holders of the Company's securities. The Company will transfer to the nominee the rights that would have been offered to the foreign holders. The nominee will account to those foreign shareholders for the net proceeds of the sale of the rights (if any). The nominee will have an absolute and sole discretion to determine the timing and the price at which the rights may be sold and the manner of any such sale.
20. The closing date for receipt of acceptances is 5.00pm AWST 28 September 2009.
21. The Rights Issue is underwritten by Gandel Metals Pty Ltd as trustee for the Gandel Metals Trust ("**Underwriter**").
22. The Company will pay the Underwriter an underwriting fee equal to 4% of the total amount to be raised under the Rights Issue, being approximately \$154,918. Further, the Company must reimburse the Underwriter for all out of pocket expenses and disbursements incurred by the Underwriter in connection with the Rights Issue.
23. There are no brokers to the Rights Issue.
24. Brokers will receive no handling fee for acceptances lodged by them on behalf of security holders.
25. The Prospectus for the Rights Issue and the accompanying Entitlement and Acceptance Form will be sent to you on 14 September 2009.
26. The Company sent a notice to option holders to notify them of their right to participate in the Rights Issue upon exercise of their options on 28 August 2009.
27. Rights trading will begin at commencement of trading on 2 September 2009.
28. Rights trading will end at close of trading on 21 September 2009.
29. If you wish to sell all of your entitlement on the ASX, please follow the instructions set out on the reverse of the Entitlement and Acceptance Form under the section marked "Sale of your Entitlement by your stockbroker in full or in part". You must deal with your entitlement by close of trading on the ASX on 21 September 2009, when rights trading ceases.
30. If you wish to take up part of your entitlement and sell the balance on the ASX, please follow the instructions set out on the reverse of the Entitlement and Acceptance Form under the section marked "Sale of your Entitlement by your stockbroker in full or in part" and then liaise accordingly with your stockbroker. You must deal with that part of your entitlement which you do not intend to accept by close of trading on the ASX on 21 September 2009, when rights trading ceases.
31. If you wish to transfer all or part of your entitlement to another person or party other than on market using the ASX, then you must forward the following:
 - a completed standard renunciation form (obtainable from your stockbroker or the Company's share registry);

- Entitlement and Acceptance Form completed by the transferee; and
- the transferee's cheque for the amount due in respect of the New Shares,

to the Company's Share Registry by no later than 5.00pm AWST on 28 September 2009 or such later date as the Directors advise. Cheques should be made payable to "Gippsland Limited - Share Issue Account" and crossed "Not Negotiable".

32. The latest date for entry of the securities into your security holdings is 7 October 2009.

The above information was provided to the ASX on 28 August 2009.

If you have any queries regarding your entitlement or participation in the upcoming Rights Issue, please do not hesitate to contact the Company's Share Registry, Security Transfer Registrars Pty Ltd, on +61 8 9315 2333.

Yours sincerely

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