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**GIPPSLAND
LIMITED**

Tuesday 5 August 2003

Dear Shareholder

WITHDRAWAL OF PROSPECTUS DATED 10 JULY 2003

We refer to the Prospectus dated 10 July 2003 relating to the placement of up to 14,000,000 fully paid ordinary New Shares in Gippsland Limited ("Gippsland" or "the Company"), each at an issue price of 5 cents per New Share to raise up to \$700,000.

Unfortunately the level of response to the above offer was lower than the Directors expected so the offer was withdrawn in accordance with Gippsland's announcement to the market on Tuesday 5 August 2003. All monies raised pursuant to this Prospectus will be returned to applicants in accordance with the Corporations Act.

NEW PROSPECTUS DATED TUESDAY 5 AUGUST 2003

On 5 August 2003 the Company announced a new Prospectus offering of up to 14,000,000 fully paid ordinary New Shares in Gippsland, each at an issue price of 4 cents per New Share, with each New Share subscribed for also receiving an attaching New Option for no consideration with each New Option having an exercise price of 9 cents and a term expiring on 31 December 2007, for the purpose of raising up to \$560,000.

The Prospectus and Application Form for this new offer are enclosed herewith.

The Board of Gippsland invites you to complete and submit the enclosed **Application Form** along with a cheque for the relevant monies per the enclosed addressed envelope. Being a placement Prospectus, Shareholders are not restricted by the quantum of their present Gippsland shareholding and may apply for whatever number of shares they choose.

Finally, the Directors thank you for your support and look forward to providing further details relating to the Abu Dabbab project and invite you to study the attached Gippsland Quarterly Report for the period April – June 2003.

Yours sincerely

RJ (Jack) Telford
Chairman