Suite 34, 18 Stirling Highway, Nedlands WA 6009
PO Box 352, Nedlands WA 6909, Australia
ABN 31 004 766 376
Tel: (08) 9389 8611 Fax: (08) 9389 8612
E-mail: jtelford@gippslandltd.com
www.gippslandltd.com

GIPPSLAND LIMITED

NOTICE OF EXTRAORDINARY GENERAL MEETING AND EXPLANATORY STATEMENT

For an Extraordinary General Meeting to be held on
Tuesday 16th May 2006 at 10.00am (Perth Time) at
18 Stirling Highway, Nedlands, Western Australia.

This is an important document. Please read it carefully.

If you are unable to attend the Extraordinary General Meeting, please complete the proxy form enclosed and return it in accordance with the instructions set out on that form.

TIME AND PLACE OF MEETING AND HOW TO VOTE

Venue

The Extraordinary General Meeting of the shareholders of Gippsland Limited will be held at:

18 Stirling Highway	**Commencing at**
NEDLANDS	**10.00am (Perth Time)**
WESTERN AUSTRALIA	**on 16th May 2006**

How to Vote

You may vote by attending the meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the meeting on the date and at the place set out above. The meeting will commence at 10.00am.

Voting by Proxy

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of Extraordinary General Meeting as soon as possible and either:

- send the proxy by facsimile to the Company on facsimile number (08) 9389 8612 (International: + 61 8 9389 8612); or
- deliver to the registered office of Gippsland Limited at Level 2, 18 Stirling Highway, Nedlands WA 6009, Australia; or
- Gippsland Limited, PO Box 352, Nedlands WA 6909, Australia,

so that it is received not later than 10.00am (Perth Time) on 14th May 2006.

Your proxy form is enclosed.

NOTES:

1. A shareholder of the Company who is entitled to attend and vote at a general meeting of shareholders is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the Company.

2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3. For the purposes of the Corporations Act, the Directors have set a snapshot date to determine the identity of those entitled to attend and vote at the Extraordinary General Meeting. The snapshot date is 14th May 2006.

GIPPSLAND LIMITED

ABN 31 004 766 376

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given of an Extraordinary General Meeting of shareholders of Gippsland Limited (Gippsland or the Company) will be held at 18 Stirling Highway, Nedlands, Western Australia at 10.00am (Perth Time) on Tuesday 16th May 2006.

AGENDA

BUSINESS

The Explanatory Statement which accompanies and forms part of this Notice describes the matters to be considered as ordinary business. Certain abbreviations and other defined terms are used throughout this Notice. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations used are set out in the Glossary contained in the Explanatory Statement.

ORDINARY BUSINESS

Resolution 1: Ratify Previous Issue of 24,000,000 Shares at 5 UK Pence (approx 11.8 Australian cents) per Share

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution:**

"That, pursuant to Rule 7.4 of the Listing Rules of the ASX and for all other purposes, the Company approves and ratifies the allotment and issue of 24,000,000 Shares in the Company at an issue price of 5 UK Pence (approx 11.8 Australian cents) per Share (to raise £1,200,000 (approx A$2.84 million) before expenses) made on 16 March 2006 to various clients of the United Kingdom stockbroking firm Hoodless Brennan".

The Company will disregard any votes cast on Resolution 1 by any person who participated in the issue and any person associated with those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 2: Ratify Previous Issue of 6,000,000 Shares to settle Aguero dispute

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution:**

"That, pursuant to Rule 7.4 of the Listing Rules of the ASX and for all other purposes, the Company approves and ratifies the allotment and issue of 6,000,000 Shares in the Company for Nil consideration to Alex Aguero and Hillcrest Litigation Services Limited in full and complete settlement of the Aguero dispute".

The Company will disregard any votes cast on Resolution 2 by any person who participated in the issue and any person associated with those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 3: Approval of International Finance Corporation ("IFC") mandate to arrange Abu Dabbab Project Financing and associated share issues

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution:**

"That, pursuant to Rule 7.1 of the Listing Rules of the ASX and for all other purposes, the Company approves and authorizes the Directors of the Company to allot and issue to the IFC as part of the Abu Dabbab Project Financing Mandate the following new shares:

a) Up to 2,250,000 new shares to be issued for Nil consideration in three equal tranches upon each financing milestone being reached; and

b) Up to 25,000,000 Shares in the capital of the Company at an issue price of US$0.08 (approximately 10.8 Australian cents) per Share, or 90% of the VWAP over the previous 5 days prior to subscription which ever is lower, and a further 25 million free attaching unlisted options with an exercise price of 13.5 Australian cents exercisable within 6 years of issue and otherwise on the terms and conditions set out in the Explanatory Statement accompanying the Notice of Extraordinary General Meeting".

The Company will disregard any votes cast on Resolution 3 by any person who participated in the issue and any person associated with those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 4: Approval of the Issue of 50,000,000 Shares

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution:**

"That, pursuant to Listing Rule 7.1 of the Listing Rules of the Australian Stock Exchange Limited and for all other purposes, the Company approve and authorise the Directors of the Company to allot and issue up to 50,000,000 Shares in the capital of the Company at an issue price which is at least 90% of the average market price for the Company's shares on ASX over the 5 trading days preceding the date on which the issue is made and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Extraordinary General Meeting."

The Company will disregard any votes cast on Resolution 4 by any person who may participate in the proposed issue and by any person who might obtain a benefit, except a benefit solely in the capacity of a shareholder, if the resolution is passed and any person associated with those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

DATED THIS 10 APRIL 2006
BY ORDER OF THE BOARD

Mr RS (Sam) Middlemas
Company Secretary

GIPPSLAND LIMITED

ABN 31 004 766 376

EXPLANATORY STATEMENT

This Explanatory Statement and all attachments are important documents. They should be read carefully.

If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice, please contact the Company, your stockbroker or other professional adviser.

Certain abbreviations and other defined terms are used throughout this Explanatory Statement. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations used are set out in the Glossary contained in this Explanatory Statement.

1. GENERAL INFORMATION

This Explanatory Statement has been prepared for the shareholders of Gippsland Limited **(Gippsland or the Company)** in connection with the Extraordinary General Meeting of the Company to be held on Tuesday 16th May 2006.

2. RESOLUTION 1 – RATIFY PREVIOUS ISSUE OF 24 MILLION SHARES AT 5 UK PENCE (APPROX 11.8 AUSTRALIAN CENTS) PER SHARE

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of such a ratification is to restore a company's maximum discretionary power to issue further shares up to 15% of the issued capital of the company without requiring shareholder approval.

Resolution 1 has been included so that shareholders may ratify pursuant to Listing Rule 7.4 the previous issue, made on 16 March 2006, of 24,000,000 Shares at an issue price of 5 UK Pence (approx 11.8 Australian cents) per Share (to raise £1,200,000 (approx A$2.84 million) before expenses) to various clients of the United Kingdom stockbroking firm Hoodless Brennan.

The funds raised will be used to expand Gippsland's management team including key positions in finance, operations, project management, metallurgy and geology as the Company moves from an exploration company to a world scale mining operation. In addition the funds will be used to continue the exploration of the Company's Wadi Allaqi gold projects.

The Company currently has 201,818,359 Shares on issue which are listed on ASX and AIM. The Company currently has on issue 43,771,393 Listed Options each with an exercise price of 9 cents and expiring on 31 December 2007 which are listed on ASX and AIM. These aforementioned figures include the Shares the subject of this Resolution 1. The Company also has on issue 10,000,000 Unlisted Options each with an exercise price of 4.0 UK pence and expiring on 31 December 2007, and 2,250,000 Unlisted Options with an exercise price of 15 cents and expiring on 31 December 2007.

The Company wishes to ratify this issue pursuant to Listing Rule 7.4, in order to allow the Company to have the right to place up to a further 15% of its issued capital at any time during the next 12 months. The information required to be given to shareholders pursuant to Listing Rule 7.5 is contained in both this Explanatory Statement and the notes to Resolution 1 as set out in the Notice of Extraordinary General Meeting. All Shares issued pursuant to Resolution 1 ranked equally with the existing ordinary shares on issue.

3. RESOLUTION 2 – RATIFY PREVIOUS ISSUE OF 6,000,000 SHARES TO SETTLE AGUERO DISPUTE

As previously disclosed to the marketplace, there was a legal dispute between one of Gippsland's investee companies Here2win.com Pty Ltd ("Here2win"), and the former Managing Director of Here2win Mr Alex Aguero ("Aguero"). The dispute surrounded the establishment and performance requirements of Aguero in 1999 of a business selling to internet users a horse racing gaming product, which led to the termination of Aguero.

In 2001 Aguero commenced an action against Gippsland in the Supreme Court of Western Australia alleging a breach of the Deed and entitlement to certain benefits under the Deed, and the trial was listed to be heard in the Supreme Court of Western Australia commencing 17 March 2006.

Gippsland made a number of settlement offers to Aguero, due to the uncertainty surrounding the outcome of the trial, and the increasing level of management time involved in preparation for the trial. It was finally agreed to settle the dispute with Aguero by the offer of 6,000,000 Shares for Nil consideration, with 3,600,000 Shares payable to Aguero, and 2,400,000 payable to Hillcrest Litigation Services Ltd ("Hillcrest"), who financed Aguero's litigation costs.

The Company now seeks shareholders approval to ratify the previous issue of these 6,000,000 shares Nil consideration in full and complete satisfaction of the Aguero dispute.

The board considers the resolution for the matter to be a sound commercial outcome for the Company.

4. RESOLUTION 3 – APPROVAL OF IFC MANDATE TO ARRANGE ABU DABBAB PROJECT FINANCING AND ASSOCIATED SHARE ISSUES

The Company announced on 7 March 2006, an agreement entered into with the International Finance Corporation ("IFC"), a member of the World Bank Group to take a lead role in arranging the debt requirements of the Abu Dabbab Tantalum-Tin project in Egypt. As part of that mandate, the Company has agreed to pay the IFC's a total of 2,250,000 fully paid ordinary shares as a fee in respect of the finance arranging role. The shares will be issued in three equal tranches upon certain commercial financing milestones being satisfied. The IFC has also been granted a 3 month option to subscribe for 25,000,000 new shares at an issue price of US$0.08 (approx A$0.108) per share, (or the VWAP over the previous 5 trading days prior to issue, whichever is lower) to raise US$2,000,000, and 25,000,000 free attaching unlisted options having an exercise price of A$0.135 any time prior to six years from the issue date. Further details of the mandate are included in the ASX announcement released on 7 March 2006.

Listing Rule 7.1

Listing Rule 7.1 provides that a listed company may not issue securities in any 12 month period where the total number of securities to be issued exceeds 15% of the number of fully paid ordinary securities on issue 12 months before the date of issue, except with the prior approval of members of the company in general meeting of the terms and conditions of the proposed issue or where the issue is pro rata to all shareholders in accordance with their existing shareholdings.

The proposed issue to the IFC under the option would be in excess of this, and therefore prior Shareholder approval is required.

The Company will use these funds raised by the issue to assist in the development of the Abu Dabbab tantalum, tin and feldspar deposit located in Egypt.

For the purposes of Listing Rule 7.3, the following information is provided in relation to Resolution 3 to allow shareholders to assess the proposed issue under the option agreement to the IFC:

(a) the maximum number of Shares in the capital of the Company to be allotted and issued is 27,250,000 Shares, and 25,000,000 unlisted options convertible into ordinary shares;

(b) the Shares and unlisted options the subject of Resolution 3 will be issued and allotted no later than (3) months after the date of this Extraordinary General Meeting;

(c) the 2,250,000 will be issued for Nil consideration to meet the fees in respect of the finance arranging role with the balance of 25,000,000 Shares proposed to be allotted and issued at a price equal to at least the VWAP price of the Company's shares on ASX over 5 trading days preceding the day on which the issue is made;

(d) the allottees in respect of Resolution 3 is the IFC;

(e) the Shares to be issued will rank pari passu on allotment and issue with the existing Shares of the Company; and

(f) the Company will use the funds raised by the issue to provide capital for the development of the Company's Abu Dabbab tantalum, tin and feldspar deposit located in the Abu Dabbab area of the Central Eastern Desert of the Arab Republic of Egypt.

5. RESOLUTION 4 – APPROVAL OF THE ISSUE OF 50,000,000 SHARES

Following the mandate given to the IFC to arrange financing for the Abu Dabbab project, the Company will be required to meet its requirement of an equity component of up to 40% of the total cost of the project. The current project cost is anticipated to be US$90 million, with an equity component of up to US$35 million.

As a consequence the Company is seeking prior shareholder approval (as required under listing rule 7.1) to permit it to issue up to 50,000,000 Shares via a placement, at an issue price equal to at least 90% of the average market price of the Company's Shares on ASX over 5 trading days preceding the day on which the placement is issued.

The Company will use these funds raised to meet part of its equity commitments to develop the Company's Abu Dabbab tantalum, tin and feldspar deposit located in the Abu Dabbab area of the Central Eastern Desert of the Arab Republic of Egypt.

For the purposes of Listing Rule 7.3, the following information is provided in relation to Resolution 3 to allow shareholders to assess the proposed issue of up to 50,000,000 Shares as contemplated by Resolution 4:

(a) the maximum number of Shares in the capital of the Company to be allotted and issued is 50,000,000 Shares;

(b) the Shares the subject of Resolution 4 will be issued and allotted no later than (3) months after the date of this Extraordinary General Meeting (unless an ASX extension is granted if required);

(c) the issue price of the Shares proposed to be allotted and issued will be a price equal to at least 90% of the average market price of the Company's shares on ASX over 5 trading days preceding the day on which the placement is made;

(d) the allottees in respect of Resolution 4 are not, as yet, identifiable, but will be subscribers to be identified by the Company and any brokers appointed by the Company to manage the issue;

(e) in relation to Resolution 4, by way of an example, in the event that the Company's share price was 20 cents, then 90% of this price is 18 cents. 50,000,000 shares at 18 cents per share totals to $9,000,000 (before costs);

(f) the Shares to be issued will rank pari passu on allotment and issue with the existing Shares of the Company; and

(g) the Company will use the funds raised by the issue of the 50,000,000 Shares the subject of Resolution 4 to meet its equity commitments to develop of the Company's Abu Dabbab tantalum, tin and feldspar deposit located in the Abu Dabbab area of the Central Eastern Desert of the Arab Republic of Egypt.

6. ENQUIRIES

Shareholders are invited to contact the Company Secretary, Sam Middlemas on (08) 9389 8611 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

"AIM"	means the Alternative Investment Market of the London Stock Exchange;
"ASX"	means Australian Stock Exchange Limited;
"Company" or **"Gippsland"**	means Gippsland Limited ABN 31 004 766 376;
"Corporations Act"	means the Corporations Act 2001 (Cth);
"Directors"	means the directors of the Company;
"IFC"	means International Finance Corporation, part of the World Bank Group;
"Listed Option"	means an option to acquire one Share exercisable at 9 cents and expiring on 31 December 2007, on the terms and conditions set out in Annexure A to the Explanatory Statement accompanying this Notice;
"Listing Rules"	means the Listing Rules of ASX;
"Notice" or **"Notice of Extraordinary General Meeting"**	means the notice of meeting which accompanies this Explanatory Statement (including Annexures A and B);
"Shares"	means fully paid ordinary shares in the Company; and
"Unlisted Option"	means an option to acquire one Share exercisable at 4.0 UK pence (which equates to 9.0 Australian cents) per Share and expiring on 31 December 2007 on the terms and conditions set out in Annexure B to the Explanatory Statement accompanying this Notice.

ANNEXURE A

TERMS OF UNLISTED OPTIONS

The following are the rights attaching to the 25,000,000 Unlisted Options that are the subject of Resolution 3 being put before shareholders.

- The options will be issued for $Nil consideration;
- An option certificate will be issued for the 25,000,000 options;
- The options will expire six years from the issue date ("Expiry Date");
- The option is a right in favour of the option holder to subscribe for one share;
- The option holder may exercise options any time prior to the Expiry Date;
- Shares allotted to option holders on exercise of options will be issued at 13.5 cents each ("Exercise Price");
- The Exercise Price of shares the subject of the options will be payable in full on exercise of the options;
- Options will be exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the option holder to:

  (a) exercise all or a specified number of options (but in multiples of 100,000); and

  (b) pay the subscription monies in full for the exercise of each option ("**Notice**").
- The Notice must be accompanied by the option certificate and a cheque made payable to the Company for the subscription monies for the shares. An exercise of only some options will not affect the rights of the option holder to the balance of the options held by the option holder. The Notice must be received by the Company prior to the Expiry Date.
- The Company will allot the resultant shares and deliver the holding statement within ten (10) business days of the exercise of the options;
- The Company will not apply for Official Quotation on ASX and AIM of any of the options;
- The options will not be transferable;
- Shares allotted pursuant to an exercise of the options shall rank, from the date of allotment, equally with existing ordinary fully paid shares of the Company in all respects;
- The Company will in accordance with the Listing Rules make application to have shares allotted pursuant to an exercise of options listed for Official Quotation on ASX and AIM;
- In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the authorised or issued capital of the Company, the number of the options or the exercise price of the options or both will be reconstructed (as appropriate) in accordance with the Listing Rules of ASX; and
- The options will not give any right to participate in dividends, bonus issues or new issues until shares are allotted pursuant to the exercise of the relevant options. There is no right to change the exercise price of options if the Company completes a bonus or new issue.

PROXY FORM

APPOINTMENT OF PROXY
GIPPSLAND LIMITED
ABN 31 004 766 376

EXTRAORDINARY GENERAL MEETING

I/We ____
being a Member of Gippsland Limited entitled to attend and vote at the Extraordinary General Meeting, hereby appoint:

Name of proxy ____

or failing the person so named or, if no person is named, the Chairman of the Extraordinary General Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the Extraordinary General Meeting to be held at 18 Stirling Highway, Nedlands, Western Australia on Tuesday 16th May 2006 at 10.00am (WST) and at any adjournment thereof.

VOTING ON BUSINESS OF THE EXTRAORDINARY GENERAL MEETING		FOR	AGAINST	ABSTAIN
Resolution 1	Ratify Placement Issue – 24,000,000 Shares			
Resolution 2	Ratify Aguero Dispute Issue - 6,000,000 Share			
Resolution 3	Approve IFC mandate – up to 27,500,000 Shares and 25,000,000 options			
Resolution 4	Approve Issue – 50,000,000 Shares			

If you do **not** wish to direct your proxy how to vote, please place a mark in this box ☐

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of the interest. The Chairman intends to vote in favour of all of the resolutions.

YOU MUST EITHER MARK THE BOXES DIRECTING YOUR PROXY HOW TO VOTE OR MARK THE BOX INDICATING THAT YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, OTHERWISE THIS APPOINTMENT OF PROXY FORM MAY BE HELD INVALID.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is

Signed this day of 2006

By:

Individuals and joint holders		Companies (affix common seal if appropriate)
Signature	______________________	Director
Signature	______________________	Director/Company Secretary
Signature	______________________	Sole Director and Sole Company Secretary

GIPPSLAND LIMITED

ABN 31 004 766 376

Instructions for Completing Appointment of Proxy Form

1. A member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.

2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.

3. Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:

   - 2 directors of the company;
   - a director and a company secretary of the company; or
   - for a proprietary company that has a sole director who is also the sole company secretary - that director.

   For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.

5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.