

28 August 2009

FULLY UNDERWRITTEN RENOUNCEABLE RIGHTS ISSUE TO RAISE \$3.88 MILLION

The Directors of Gippsland Limited [ASX: GIP, DB: GIX] ("**Gippsland**" or "**the Company**") are pleased to announce a fully underwritten renounceable rights issue to all shareholders on the basis of two new shares for every seven existing shares at an issue price of 3.2 cents per new share ("**Rights Issue**"). The Rights Issue will raise \$3,872,958 for the Company before issue costs.

The Rights Issue has been fully underwritten by Gandel Metals Pty Ltd (as trustee for the Gandel Metals Trust), a company controlled by Gippsland Chairman, Mr Ian Gandel. The Rights Issue price represents a 41% discount to the 30 day volume weighted average of Gippsland shares traded on ASX.

A prospectus for the Rights Issue will follow this announcement and will be despatched to eligible shareholders following the Record Date of 8 September 2009.

After meeting the expenses of the Rights Issue, the funds raised from the Rights Issue will be applied to the Company's 44.5 million tonne Abu Dabbab tantalum-tin project in Egypt. Specifically these funds will be used to meet the costs of completing due diligence related to financing the Abu Dabbab project; working capital; project development; exploration of existing projects and repayment of Directors' interest-free loans to the Company.

This Rights Issue follows on from the \$800,000 loan conversion on 27 August 2009 by Abbotsleigh Pty Ltd, a company controlled by Mr Ian Gandel. Mr Gandel has indicated the present intention for Abbotsleigh Pty Ltd is to fully take up its rights under the Rights Issue, thereby maintaining its present 18.9% shareholding in the company.

Following an extremely challenging twelve months, this capital raising will now enable the Directors to focus on the Company's prime aim; to develop the Abu Dabbab project into the leading supplier of feedstock to the global tantalum industry.



RJ (Jack) Telford
Director, Chief Executive Officer

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