

207 Stirling Highway  
Claremont WA 6010  
Australia

t : +61 8 9340 6000  
f : +61 8 9340 6060

PO Box 352  
Nedlands WA 6909  
Australia

e : [info@gippslandltd.com](mailto:info@gippslandltd.com)  
w : [www.gippslandltd.com](http://www.gippslandltd.com)



ABN 31 004 766 376

12 July 2011

## **FULLY UNDERWRITTEN RENOUNCEABLE RIGHTS ISSUE TO RAISE \$5 MILLION**

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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 three new shares for every ten existing shares to raise approximately \$5,063,000 before costs at an issue price of 2.7 cents per new share ("Rights Issue").

The Rights Issue has been fully underwritten by Patersons Securities Limited and is sub-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 discount of approximately 11% 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 on 21 July 2011.

After meeting the expenses of the Rights Issue, the Funds raised from the Rights Issue will be applied to a comprehensive exploration program in Eritrea, drilling of the Nuweibi deposit in Egypt, repayment of loans and for working capital.

As shareholders will be aware, the Company had planned to undertake the spin-out of the Eritrean assets to Adobha Resources Limited. This spin out was to have raised \$4 million and would have allowed the Eritrean assets to be separately funded. As the spin out has been abandoned the exploration program in Eritrea will continue to be funded by Gippsland.

The Board is firm in its resolve to achieve the absolute best possible outcome for Gippsland and its shareholders. This \$5 million rights issue will allow the Company to pursue its highly prospective Eritrean project portfolio and to advance the Nuweibi deposit. We look forward to your support.

Yours faithfully  
Gippsland Limited

**Ian Gandel**  
Chairman

**For further information please contact**  
Geoff Hawkins  
Gippsland Limited

T: +61 8 9340 6000  
E: [info@gippslandltd.com.au](mailto:info@gippslandltd.com.au)