



GIPPSLAND
LIMITED

**NOTICE OF ANNUAL GENERAL MEETING AND
EXPLANATORY STATEMENT**

**For the Annual General Meeting to be held on
Thursday 26 November 2009 at 3.00pm (WST) at
1st Floor, 207 Stirling Highway, Claremont WA 6010, Australia.**

As this is an important document, please read it carefully.

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

For personal use only

TIME AND PLACE OF MEETING AND HOW TO VOTE

Venue

The Annual General Meeting of the Shareholders of Gippsland Limited ("Gippsland" or the "Company") will be held at:

**1st Floor, 207 Stirling Highway
Claremont WA 6010
Australia**

**Commencing at
3.00pm (WST)
on 26 November 2009**

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.

Voting by Proxy

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

- send the proxy by facsimile to the Company on facsimile number (08) 9340 6060 (International: + 61 8 9340 6060); or
- deliver the proxy to the registered office of the Company at Suite 4, 1st Floor, 207 Stirling Highway, Claremont WA 6010, Australia; or
- mail the proxy to PO Box 352, Nedlands WA 6909, Australia;

so it is received not later than 3.00pm (WST) on Tuesday, 24 November 2009.

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 time and date to determine the identity of those entitled to attend and vote at the Annual General Meeting. The snapshot time and date is 5.00pm (WST) on 24 November 2009.

GIPPSLAND LIMITED
ABN 31 004 766 376

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Gippsland Limited ("Gippsland" or the "Company") will be held at Suite 4, 1st Floor, 207 Stirling Highway, Claremont WA 6010, Australia, at 3.00pm (WST) on Thursday, 26 November 2009.

AGENDA

BUSINESS

The Explanatory Statement which accompanies and forms part of this Notice describes the matters to be considered as ordinary business and special 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

Annual Accounts

To receive and consider the financial report of the Company and the consolidated financial report of the consolidated entity for the year ended 30 June 2009 and the reports by the Directors and Independent Auditor.

Resolution 1: Remuneration Report

To consider and if thought fit, to pass, with or without amendment, the following as an ordinary resolution:

"The section of the report of the Directors for the financial year ending 30 June 2009 entitled "Remuneration Report" and dealing with the remuneration of the Company's Directors, Company Secretary and Senior Executives be adopted."

- Although this Resolution is advisory only, this Resolution shall be determined as if it were an ordinary resolution.
- This Resolution does not bind the Directors or the Company.

Resolution 2: Re-election of a Director (By Rotation) – Mr. John Kenny

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That Mr. John Kenny, being a director of the Company, retires by rotation in accordance with clause 13.2 of the Constitution and, being eligible, is hereby re-elected as a director of the Company."

Short Explanation: Clause 13.2 of the Constitution requires that at the Annual General Meeting, one-third of the Directors for the time being shall retire from office. A retiring Director is eligible for re-election.

SPECIAL BUSINESS

Resolution 3: Ratify Previous Issue of 15,625,000 Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue and allotment on 18 August 2009 of a total of 15,625,000 Shares at an issue price of \$0.032 per Share, further details of which are set out in the Explanatory Statement."

The Company will disregard any votes cast on this resolution by a person who participated in the issue and an associate of that person (or 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 if 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.

Short Explanation: The Company may issue no more than that number of securities that equate to 15% of its issued capital in any year without Shareholder approval.

Resolution 4: Variation to the terms of Options held by International Finance Corporation

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purpose of Listing Rule 6.23.4 and for all other purposes, approval is given for the Company to vary the terms of 25,000,000 Options, each exercisable at \$0.135 on or before 26 May 2012 and on the terms and conditions otherwise set out in the Explanatory Statement, in the manner as set out in the Explanatory Statement."

The Company will disregard any votes cast on this resolution by International Finance Corporation and an associate of International Finance Corporation. 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 if 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.

Short Explanation: The Listing Rules require the Company to seek Shareholder approval prior to the variation of terms applying to Options which have already been granted.

DATED THIS 22nd DAY OF OCTOBER 2009

BY ORDER OF THE BOARD



Mr RJ (Jack) Telford
Director

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.

This Explanatory Statement has been prepared for the Shareholders of Gippsland in connection with the Annual General Meeting of the Company to be held at 3.00pm (WST) on Thursday 26 November 2009 at 1st Floor, 207 Stirling Highway, Claremont, Western Australia.

1. RESOLUTION 1 – REMUNERATION REPORT

In accordance with the Corporations Act, a resolution to adopt the Remuneration Report must be put to Shareholders. The Remuneration Report which details the Company's policy on the remuneration of non-executive directors, executive directors, the company secretary and senior executives is set out on pages 22 to 25 of the Company's 2009 Annual Report. It is also available on the Gippsland website at www.gippslandltd.com.

Voting on this resolution is advisory only and does not bind the Company or the Directors.

2. RESOLUTION 2 – RE-ELECTION OF A DIRECTOR (BY ROTATION) – MR. JOHN KENNY

2.1 Background

Resolution 2 seeks approval for the re-election of Mr John Kenny as a Director.

Clause 13.2 of the Constitution requires that at an Annual General Meeting of the Company one third of the Directors (except the Managing Director or any alternate Director) for the time being shall retire from office. A retiring Director is eligible for re-election.

Mr John Kenny retires by rotation in accordance with this requirement, is eligible for re-election and puts himself forward for re-election at this Annual General Meeting.

2.2 Directors' Recommendation

All the Directors (excluding Mr Kenny) recommend that Shareholders vote in favour of Resolution 2.

3. RESOLUTION 3 – RATIFY PREVIOUS ISSUE OF 15,625,000 SHARES

3.1 Background

On 18 August 2009, the Company announced that it had issued a total of 15,625,000 Shares at \$0.032 per Share ("**August Placement**") raising gross funds of \$500,000.

Subject to certain exceptions, none of which are relevant here, the Directors are restricted by Listing Rule 7.1 from issuing or agreeing to issue new securities in the Company in any 12 month period, which amount to more than 15% of the Company's ordinary securities on issue without Shareholder approval ("**15% Limit**").

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 ratification is to restore a company's maximum discretionary power to issue further securities up to 15% of the issued capital of the company without requiring Shareholder approval.

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 number of Shares issued under the August Placement represents approximately 4.8% of the Company's share capital on issue immediately prior to the issue of the placement Shares. This previous issue did not

breach the 15% threshold set by Listing Rule 7.1.

The following information is provided to Shareholders for the purposes of Listing Rule 7.5:

- (a) A total of 15,625,000 Shares were allotted.
- (b) The Shares were issued for \$0.032 per Share.
- (c) The Shares are fully paid ordinary shares that rank equally in all respect with existing Shares.
- (d) The names of the allottees to whom the Shares were allotted are as follows:

| | No. of Shares |
|------------------------|----------------------|
| Nefco Nominees Pty Ltd | 1,250,000 |
| ANZ Nominees Limited | 14,375,000 |
| | 15,625,000 |

- (e) None of the allottees are related parties to the Company or its associates.
- (f) The funds raised by the issue of the Shares the subject of Resolution 3 have and will be used to fund further development of the Company's Abu Dabbab tantalum/tin project and for working capital.

3.2 Directors' Recommendation

If Resolution 3 is passed, the 15% Limit imposed by Listing Rule 7.1 will be renewed to the extent of the ratification. The Directors of the Company unanimously recommend that Shareholders vote in favour of Resolution 3.

4. RESOLUTION 4 - VARIATION TO THE TERMS OF OPTIONS HELD BY INTERNATIONAL FINANCE CORPORATION

4.1 Background

On 26 August 2009, the Company announced that it had obtained agreement from the International Finance Corporation ("IFC") to amend the terms of 25 million Options currently held by IFC ("IFC Options").

The IFC Options were issued in June 2006 and are exercisable at \$0.135 each on or before 26 May 2012. IFC is not a related party of the Company. At the time, it had come to the Company's attention that notwithstanding that the issue of the IFC Options was approved by Shareholders, certain IFC Option terms were non-compliant with the Listing Rules. These terms related to the adjustment of the exercise price and the number of underlying Shares over which the IFC Options could be exercised in certain circumstances.

Resolution 4 proposes that the abovementioned terms of the IFC Options be amended to comply with the Listing Rules. Under the proposed amendments, the circumstances in which the exercise price and the number of underlying Shares over which the IFC Options can be exercised under the proposed amendments are as follows:

1. In the case of any entitlements issue (other than a bonus issue) the exercise price of the IFC Options may be reduced according to the following formula:

$$O' = O - \frac{E[P - (S + D)]}{N + 1}$$

O' = the new exercise price of the IFC Option.

O = the old exercise price of the IFC Option.

E = the number of underlying securities into which one IFC Option is exercisable.

P = the average market price per share (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price for a security under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue).

N = the number of securities with rights or entitlements that must be held to receive a rights to one new security.

2. *The number of shares to be issued pursuant to the exercise of IFC Options will be adjusted for bonus issues made prior to exercise of IFC Options. The effect will be that upon exercise of the IFC Options the number of shares received by the optionholder will include the number of bonus shares that would have been issued if the IFC Options had been exercised prior to the books closing date for bonus issues. The exercise price of the IFC Options shall not change as result of any such bonus issue.*

3. *The Company shall notify the optionholder and the ASX within one month after the books closing date for a pro-rata bonus or cash issue, of the adjustment to the number of Shares over which the IFC Option exists and/or the adjustment to the exercise price."*

To date, IFC has not exercised any of its IFC Options, nor has it sought to rely on any of the provisions adjusting the exercise price or the number of Shares underlying the IFC Options. As at the date of despatch of this Notice, IFC does not hold a relevant interest in any other securities of the Company.

Listing Rule 6.23.4 allows variation to Option terms which are not otherwise prohibited by Listing Rule 6.23.3, provided shareholder approval is obtained. ASX has confirmed that the IFC Option terms are amenable to amendment, subject to Shareholder approval.

4.2 Directors' Recommendation

IFC's agreement to amend the terms of the IFC Options is subject to Shareholder approval. If Shareholders do not approve this Resolution, then the IFC Option terms as currently stated would be in breach of the Listing Rules. ASX has a wide range of powers to act in cases of Listing Rule breaches, including for example in the present case requiring that the IFC Options be cancelled. If Gippsland were to offer replacement Options or other consideration to IFC as a result of any required cancellation of the IFC Options then Listing Rule 6.23.2 would require prior Shareholder approval.

The Directors of the Company unanimously recommend that Shareholders vote in favour of Resolution 4.

5. ENQUIRIES

Shareholders are invited to contact the Company Secretary, Rowan Caren on (08) 9340 6000 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

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|---|---|
| "\$" | means Australian dollars; |
| "ASX" | means ASX Limited and, where the context permits, the Australian Securities Exchange operated by ASX Limited; |
| "Board" | means the board of Directors; |
| "Company" or "Gippsland" | means Gippsland Limited ABN 31 004 766 376; |
| "Constitution" | means the Company's Constitution; |
| "Corporations Act" | means the Corporations Act 2001 (Cth); |
| "Directors" | means the directors of the Company; |
| "Listing Rules" | means the Listing Rules of ASX; |
| "Notice", "Notice of Meeting" or "Notice of Annual General Meeting" | means the notice of meeting which accompanies this Explanatory Statement; |
| "Option" | means an option to acquire one Share; |
| "Resolution" | means a resolution proposed pursuant to the Notice; |
| "Shareholders" | means the holders of the Shares; |
| "Shares" | means fully paid ordinary shares in the Company; and |
| "WST" | means Australian Western Standard Time. |

GIPPSLAND LIMITED

ABN 31 004 766 376

PROXY FORM

APPOINTMENT OF PROXY

ANNUAL GENERAL MEETING

I/We, being a Member of Gippsland Limited entitled to attend and vote at the Annual General Meeting, hereby Appoint

Name of proxy _____

of (address) _____

or failing the person so named or, if no person is named, the Chairman of the Annual General Meeting, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the Annual General Meeting to be held at 1st Floor, 207 Stirling Highway, Claremont WA 6010, Australia on Thursday, 26 November 2009 at 3.00pm (WST) and at any adjournment thereof.

| | | FOR | AGAINST | ABSTAIN |
|--------------|---|--------------------------|--------------------------|--------------------------|
| Resolution 1 | Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 | Re-election of a Director (by rotation) – Mr John Kenny | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 | Ratify Previous Issue of 15,625,000 Shares | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 | Variation to the Terms of Options held by International Finance Corporation | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

If the Chairman of the meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy, please place a mark in the adjacent box.

The Chairman intends to vote in favour of all of the resolutions in relation to undirected proxies.

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 _____ 2009

By: _____ Individuals and joint holders _____ Companies (affix common seal if appropriate)

Signature _____ Director _____

Signature _____ Director/Company Secretary _____

Signature _____ Sole Director and Sole Company Secretary _____

Instructions for Completing Appointment of Proxy Form

1. A Shareholder entitled to attend and vote at a general 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 Shareholder'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 Shareholder 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 original power of attorney, or certified copy thereof, must be lodged in like manner as this proxy.