



GYMPIE GOLD LIMITED

NOTICE OF 2002 ANNUAL GENERAL MEETING

GYMPIE GOLD LIMITED

COUNTRY OF INCORPORATION: Australia
ABN 88 000 759 535

DIRECTORS

Michael Darling	Chairman
Harry Adams	Managing Director
John Leach	Finance Director
Peter Cadwallader	Director
Chris Rawlings	Director
Roy Woodall AO	Director
Anne Adaley	Company Secretary

REGISTERED HEAD OFFICE

Level 9 Gold Fields House
1 Alfred Street
Sydney NSW 2000
Tel: +61 2 9251 2777
Fax: +61 2 9251 2666

STOCK EXCHANGE LISTINGS

Gympie Gold Limited's shares and convertible notes trade on the Australian Stock Exchange (ASX) and the Alternative Investment Market (AIM) of the London Stock Exchange with the following codes:

Exchange	Shares	Notes
ASX	GYM	GYMG
AIM	GGD	GGDA

Gympie aims to keep shareholders fully informed and promptly informs the ASX and AIM of matters that may affect the Company's share price.

BANKERS

HSBC Precious Metals (Australia) Limited
HSBC Centre
580 George Street
Sydney NSW 2000

National Australia Bank
255 George Street
Sydney NSW 2000

Commonwealth Bank of Australia
1 Alfred Street
Sydney NSW 2000

AUDITOR

PricewaterhouseCoopers
201 Sussex Street
Sydney NSW 2000

WEBSITE

Announcements and other reports are available on www.gympiegold.com.au soon after release. To be notified by email of future announcements, simply send an email to info@gympiegold.com.au with "subscribe email alerts" and your name.

Further information on Gympie Gold

Visit www.gympiegold.com.au or contact:

Mail: Level 9, Gold Fields House
1 Alfred Street
Sydney NSW 2000
Email: info@gympiegold.com.au

SHAREHOLDER ENQUIRIES

Computershare Investor Services Pty Ltd manages both the share register and convertible note register for Gympie Gold. Queries regarding number of shares held, change of address and other matters regarding your shareholding should be directed to Computershare. You can access required forms and information regarding your shareholding on their website at www.computershare.com, or alternatively contact Computershare at:

AUSTRALIA

Tel: 1 300 577 010 (within Australia)
+61 3 9615 5970 (outside Australia)
Mail: Level 2, 45 St George's Terrace
Perth WA 6000

UNITED KINGDOM

Tel: 0870-7020003 (within UK)
Mail: PO Box 82, The Pavilions, Bridgewater Road
Bristol BS99 7NH

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NOTICE OF 2002 ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of the members of Gympie Gold Limited ('the Company') will be held:

Date: 31st October 2002
Time: 2.30 pm
Venue: Australian Stock Exchange
Exchange Square Auditorium
10-18 Bridge Street
SYDNEY NSW 2000

If you are unable to attend the meeting, you are requested to complete the form of proxy enclosed with this notice. The proxy form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by the company at least 48 hours before the time for holding the meeting at the registered office of Gympie Gold Limited:

- a) Gold Fields House, Level 9, 1 Alfred Street, Sydney, NSW 2000; or
- b) Facsimile number +61 2 9251 2666

AGENDA

ORDINARY BUSINESS

1. Financial report and directors' and audit reports

To receive and consider the annual financial report, directors' report and auditor's report of Gympie Gold Limited for the year ended 30 June 2002 and, if thought fit, pass the following resolution as an ordinary resolution:

'THAT the Company's annual financial report, directors' report and auditor's report be received and approved.'

2. Election of Directors

To consider and, if thought fit, to pass the following resolution as an ordinary resolution re-electing the Chairman as a Director:

'THAT Michael Darling, having retired as a Director by rotation in accordance with clause 58 of the Constitution and being eligible, be re-elected as a Director.'

SPECIAL BUSINESS

3. Grant of Options Harry Adams

To consider and if thought fit to pass the following resolution as an ordinary resolution approving the grant of options to Mr Harry Adams who is the Managing Director of the Company:

'THAT, in accordance with **Listing Rules 7.1** and **10.14** of the Australian Stock Exchange Limited, the grant of 2,300,000 options to Managing Director, Mr Harry Adams or his associates (**Options**), be authorised and approved, each Option to subscribe for one ordinary share in the Company at the higher exercise price of:

1. \$1.11 (being a 25% premium to the weighted average sale price of shares in the Company on the last 10 trading days before the date of the Directors' resolution to issue the Options, subject to shareholder approval); and

2. the weighted average sale price of shares in the Company on the last 10 trading days before 30 November 2002 as required by the Australian stock exchange Listing Rules,

and on other terms described in the Explanatory Statement to this Notice of Annual General Meeting.

BY ORDER of the Board of Directors

Anne Adaley
Company Secretary

1 October 2002

EXPLANATORY STATEMENT

1. RESOLUTION 3: Grant of Options to Mr Harry Adams

1.1 Background

On 28 August 2002 the Directors determined, subject to obtaining the approval of shareholders in accordance with **Listing Rule 10.14** of the Australian Stock Exchange Limited, to grant 2,300,000 options to Mr Harry Adams or his associates (**Options**).

The Options are being issued to replace 2,300,000 options held by Mr Adams that will expire on 16 December 2002, if not exercised before that date. In resolving, subject to shareholder approval, to issue the Options, your Directors (excluding of course Mr Adams, who did not participate in the discussion or decision) considered corporate governance and accounting issues relevant to the use of options in executive compensation arrangements.

- The Board considers that the value of Mr Adams' total remuneration package, including the full value of the Options, is within the market range for a successful Managing Director of a mid size listed company in the resources sector in Australia.
- The Board considers that having the exercise period of the Options delayed and staggered (half will be exercisable between 1 and 5 years after issue, and half will be exercisable between 2 and 5 years after issue) substantially aligns Mr Adams interests with the medium to long term (and not just the short term) interests of shareholders.
- The exercise price of the Options is being set at a substantial premium to the current market prices of the Company's shares, so Mr Adams will only benefit from the Options if the share price is substantially higher during the exercise period: The Board believes this is appropriate for a growth company such as Gympie Gold Limited.

The Options are not issued under the Company's employee Share Option Plan, which was approved at the general meeting of the Company held on 28 November 1988 and 30 November 1995 and amended at the annual general meeting of the Company on 18 November 1996 and 20 November 1997, because:

- the Options replace options which were not issued under the Plan
- options issued under the Plan have been issued with an exercise price at or about prevailing market prices of the Company's shares, not at a premium to prevailing market prices of the Company's shares;
- options have not been issued under the Plan with restrictions on the periods in which they can be exercised, as is proposed with the Options; and
- the total number of options under the Plan cannot exceed 5% of the number of shares in the Company – the Board wishes to preserve this 5% capability for current and future executives other than the Managing Director.

1.2 Terms of the Options

The terms of the Options are:

- (1) *Number of securities to be acquired:* 2,300,000 options in the Company.
- (2) *Issue Date:* On 30 November being within 30 days after the Company's Annual General Meeting as required by the Listing Rules of the Australian Stock Exchange.
- (3) *Issue price:* No issue price is payable and no funds will be raised.
- (4) *Exercise Price:* The higher of the following:
 - (1) \$1.11 (being a 25% premium to the weighted average sale price of shares in the Company on the last 10 trading days before the date of the Directors' resolution to issue the Options, subject to shareholder approval); and
 - (2) the weighted average sale price of shares in the Company on the last 10 trading days before 30 November 2002.

- (5) *Allottees*: Mr Harry Adams or any nominated relative or entity controlled by him or a relative.
- (6) *Exercise Period*:
- (1) of 1,150,000 Options, begins on the day after the first anniversary of the date of issue of the options unless a Change Event occurs before then; and
 - (2) of 1,150,000 Options, begins on the day after the second anniversary of the date of issue of the options unless a Change Event occurs before then,
- and ends, in each case, on the fifth anniversary of the date of issue of the options. 'Change Event' means:
- (3) a person acquiring a relevant interest in issued voting shares in the Company and, because of the transaction, anyone's voting power in the Company increases from below 20% to more than 20%; or
 - (4) the Company, in the opinion of the Board excluding Mr Adams, disposes of a major asset.
- (7) *Reorganisation*: The rights of the holder of the Options at the time of any reorganisation of the Company's capital will be changed to comply with the listing rules at the time of the reorganisation.
- (8) *New Issues of Shares*: The holder of the Options cannot participate in new issues (including bonus issues and pro rata issues) without exercising the Options.
- (9) *Terms of any loan in relation to acquisition*: Not applicable.

1.3 Shareholder Approval

Listing Rule 7.1 limits the number of equity securities (including options) that the Company may issue without shareholder approval during any twelve month period to 15% of the Company's capital. By obtaining shareholder approval for the grant of the Options, the issue of the Options will not count towards that 15% limit.

Listing Rule 10.14 prevents a director acquiring any equity securities (including options) under an employee incentive scheme without the prior approval of shareholders. The Company seeks the approval of shareholders for the issue of the Options to Mr Adams.

1.4 Voting exclusion statement

In accordance with **Listing Rule 7.3.8**, **Listing Rule 10.15.5** and **Listing Rule 14.11** the Company will disregard any vote cast on **Resolution 3** by Mr Adams or any of his associates. However, the Company will 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; 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.

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GENERAL MEETING

PROXY FORM

The Secretary, Gympie Gold Limited
Gold Fields House Level 9
1 Alfred Street
SYDNEY NSW 2000 AUSTRALIA
Facsimile +61 2 9251 2666

I/We _____
(PLEASE PRINT)

of _____
(PLEASE PRINT)

being a Member(s) of Gympie Gold Limited appoint:

Name of proxy _____

Address of proxy _____

or, in his/her absence:

Name of proxy _____

Address of proxy _____

or, in his/her absence, the Chairman of the meeting as my/our proxy to vote on my/our behalf at the general meeting of Gympie Gold Limited to be held on 31 October 2002 at 2.30 pm and at any adjournment of this meeting.

If two proxies are being appointed, complete the following:

This proxy is authorised to exercise _____ votes _____ % of my/our total voting rights.

I/We instruct my/our proxy to vote as follows:

		FOR	AGAINST	ABSTAIN
Resolution 1	Financial report and Directors' and Audit report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of Director – Michael Darling	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Grant of Options Harry Adams	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Proxy instructions

To instruct your proxy how to vote, insert 'X' in the appropriate column against each item of business set out above. If you do not instruct your proxy how to vote on a resolution, your proxy may vote as he/she thinks fit or abstain from voting. If you don't instruct your proxy how to vote on a resolution and your proxy is the Chairman, the Chairman intends to vote in favour of each resolution.

If you do not wish to direct your proxy how to vote, please place a mark in the 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 that interest.

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GENERAL MEETING PROXY FORM

This proxy must be signed by each appointing Member or the Member's attorney. Proxies given by companies must be executed in accordance with section 127 of the Corporations Law or signed by an authorised officer or attorney.

Dated: _____

COMMON SEAL	SIGNATURE(S)	NAME (PRINT)

This proxy and any power of attorney or other authority under which it is signed (or a certified copy) must be lodged at the registered office of Gympie Gold Limited, Gold Fields House, Level 9, 1 Alfred Street, Sydney NSW 2000 or by facsimile on +61 2 9251 2666 no later than 2.30pm Tuesday 29 October 2002, being not later than 48 hours before the meeting.

NOTES

1. A Member who is entitled to vote at the meeting may appoint:
 - a) one proxy if the Member is only entitled to one vote; or
 - b) one or two proxies if the Member is entitled to more than one vote.
2. Where the Member appoints two proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise half of the votes in which case any fraction of votes will be disregarded.
3. If you require an additional proxy form, the company will supply it on request.
4. A proxy need not be a Member of the company.

Voting exclusion – In accordance with **Listing Rule 7.3.8**, **Listing Rule 10.15.5** and **Listing Rule 14.11** the Company will disregard any vote cast on **Resolution 3** by Mr Adams or any of his associates. However, the Company will 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; 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.