

Report for December 2003 Quarter

Released: 30 January 2004

Principal Points

CORPORATE

- A fire at the Southland Colliery over the Christmas period caused a rapid and substantial deterioration in Group's financial position and prospects. No injuries were sustained by any person.
- The Board of Gympie Gold Limited reluctantly appointed KPMG as Voluntary Administrators to the Group on 30 December 2003. The Company's lenders then appointed Ferrier Hodgson as Receivers and Managers to the Group.
- Personnel employed by the Group and its contractors have since been reduced by approximately 200 people.
- Trading in the Company's shares and convertible notes was suspended on 29 December 2003 and is likely to remain suspended for at least several months given that the Company is in Receivership and Administration.
- As a result of the initial operational and financial review by the Receivers and Managers, together with the continuing uncertainty associated with the recommencement of operations at the Southland Colliery, Gympie Eldorado Gold Mines Pty Ltd, or its assets, is being offered for sale by international tender, together with the Group's 25.3% shareholding in D'Aguilar Gold Limited.
- A placement announced in late November 2003 was to raise \$25.0 million at \$0.50 per share, comprised of:
 - a first tranche of 28.5 million shares, which was completed in early December 2003; and
 - a second tranche of 21.5 million shares, which was subject to approval of shareholders in January 2004 and did not proceed.
- Court approval has been received to extend the convening period for the second meeting of creditors to May 2004.

SOUTHLAND COLLIERY

- The fire has been suppressed and the mine sealed in a manner which will allow flexibility as to re-entry or ultimately permanent closure, if such a course is dictated by safety or economic considerations.
- Significant effort and money has already been expended to assess the prospects of re-entering the mine and recommencement of mining operations. The time required to achieve this remains uncertain.
- The present situation is that gas monitoring at the coal mine indicates that the fire appears to have been contained. Bore holes are being drilled to lower monitoring instruments some 450 metres to target destinations adjacent to the postulated source of the fire and the longwall unit. The mine is being reventilated at very low volumes in an attempt to clear residual gases produced by the fire in the area of the longwall unit.
- Personnel numbers employed by site contractor Thiess and sub-contractors have been reduced by 150 people.

GYMPIE ELDORADO GOLD MINES

- Gold mining operations continue even though exploration and mine development has been curtailed. Mine development contractors have been demobilised. Personnel numbers have been reduced by 50 people.
- Gold production for the December 2003 quarter was 9,820 ounces due to a lower than forecast head grade as Stockwork ore was excessively diluted and Inglewood ore was sourced from development headings.

For Further Information Contact:

Mr Harry Adams, Managing Director, Telephone: +61 2 9251 2777 or +61 412 369 710

ASX Code GYM, AIM Code GGD. Electronic copies of this report are available on www.gympiegold.com.au

CORPORATE

Appointment of Voluntary Administrators

Following the very serious underground fire at the Southland Colliery over the Christmas period and the subsequent sealing of the mine, the financial circumstances facing the Company were reviewed by the Directors.

The Board determined that the Company faced the possibility of not being able to meet its debts as and when they fell due, given that:

- a) Southland would be incurring extra costs and not generating income for at least several months, which was critical as Southland was the Group's primary source of net operating cash flow;
- b) the cost of re-establishing production at the Southland Colliery, if proved feasible, could not be quantified, but is likely to be substantial;
- c) it was not possible to quantify the amount to be recovered from insurance, and in any event the insurance recovery would not be immediately received;
- d) the second tranche of the recent \$25 million placement would not proceed; and
- e) additional funding could not be raised whilst there was uncertainty of resuming production at Southland.

In these circumstances, Corporations Law is very precise about the duties of the Board. After taking legal advice, the Directors immediately and reluctantly appointed Joseph Hayes and Murray Smith of KPMG as Voluntary Administrators to the Group on 30 December 2003.

Appointment of Receivers and Managers

Shortly after the appointment of Voluntary Administrators on 30 December 2003, HSBC Precious Metals (Australia) Limited, acting as Agent for the company's corporate loan facility, appointed Andrew Love, Peter Geroff and Allan Lewis of Ferrier Hodgson as Receivers and Managers to the Group.

The Company is likely to remain in Receivership and Administration for at least several months. During this process, trading in the Company's shares will remain suspended. The ultimate outcome of this process is for the Company's shares to either re-commence trading or be delisted. In the meantime, Gympie Gold will strive to continue to meet its reporting obligations to the ASX as a listed company and post information on its website.

The Board of Directors, Managing Director and staff are pro-actively assisting the Voluntary Administrators and Receivers and Managers, with a view to preserving as much value as possible for all stakeholders.

Meetings of Creditors

The first statutory meeting of creditors was held on 7 January 2003. At the meeting, committees of creditors were appointed for Gympie Gold Limited, Southland Coal Pty Ltd and Gympie Eldorado Gold Mines Pty Ltd.

Court approval has been received to extend the convening period for the second statutory meeting of creditors to 26 May 2004. The Administrators will convene the second meeting of creditors at the appropriate time by writing to creditors at least five business days prior to the date of the meeting and will provide a detailed report to creditors regarding the Company's affairs at that time.

Advice to Noteholders

The interest payment due on 31 December 2003 was not paid to Noteholders as the Company was placed in Receivership prior to the payment date.

Convertible Noteholders rank equally with other unsecured creditors of the Gympie Gold Limited.

Guardian Trust Australia Limited, the Trustee for Convertible Noteholders, has advised that it intends to represent all Noteholders during the Administration. Guardian Trust Australia Limited provided a proof of debt on behalf of all Noteholders prior to the first statutory meeting of creditors and has advised that Noteholders do not need to lodge a proof of debt with the Administrator.

Sale of Gympie Eldorado Gold Mines

As a result of the initial operational and financial review by the Receivers and Managers, Gympie Eldorado Gold Mines Pty Ltd ("GEGM") is being offered for sale by international tender, together with its interest in D'Aguilar Gold Limited.

An international sale process commenced on 19 January 2004. Non-binding indicative offers are due by 18 February 2004 and final offers by 17 March 2004.

More than 100 indications of interest have already been received. Interested parties should contact Robert Pfaff of Ferrier Hodgson on (02) 9286 9999.

Placement of Shares

On 25 November 2003, the Company announced a placement of 50 million ordinary shares at A\$0.50 per share to raise A\$25 million before expenses.

The first tranche of the placement, comprising 28.5 million shares, was completed in early December and increased the Company's shares on issue to 235.2 million shares.

The second tranche of the placement, comprising 21.5 million shares, was subject to approval by shareholders at a General Meeting scheduled for 8 January 2004. The second tranche of the placement did not proceed due to the material change in Company's circumstances in late December and the General Meeting was not held.

Financial Position

Cash on hand at 30 December 2003 totalled \$17.7 million.

The formulation of any insurance claim regarding the Southland Colliery is presently in its early stages and will be dependent upon the outcome of the investigations that are currently occurring at Southland and various technical assessments arising out of this work. At this stage, the value of any insurance claim cannot be quantified.

Further information on the Company's financial position will be disclosed in a statutory statement of affairs, which is currently scheduled to be lodged with ASIC by 11 February 2004.

Gold and Currency Hedging

All gold and currency hedging contracts have been closed out.

SOUTHLAND COAL, HUNTER VALLEY NSW

Safety

No lost time injuries were incurred at Southland during the quarter or as a consequence of the fire.

Operations

Operations proceeded well during the first two months of the December quarter as:

- the move of the longwall unit from longwall panel SL3 to SL4 was completed about one week ahead of schedule and production from SL4 commenced in late October; and
- record monthly run-of-mine production of 267,000 tonnes was achieved during November.

Production during December was less than forecast due to adverse ground conditions in the tailgate roadway and no coal being produced since the evacuation of the mine on 23 December 2003.

Southland Production and Sales Statistics

		December 2003 Quarter	September 2003 Quarter	June 2003 Quarter	March 2003 Quarter	December 2002 Quarter
Development Advanced	metres	1,224	1,195	1,286	1,407	1,617
Run-of-Mine Coal Produced	tonnes	372,390	537,015	548,493	339,331	196,445
Washed Coal Produced	tonnes	343,335	502,032	546,170	268,134	168,468
Coal Sales (including purchases)	tonnes	525,956	591,041	479,329	246,982	267,580

Notes:

1. All figures quoted are for 100% of the project. Gympie Gold's attributable share is 90%.
2. At 31 December 2003, washed coal stockpiles totalled 143,000 tonnes.
3. Coal sales for the December 2003 quarter include 81,453 tonnes purchased.

A very serious underground fire occurred at the Southland Colliery over the Christmas period. An emergency developed at Southland as follows:

- On 23 December, elevated gas levels were detected and precautionary measures were taken including mine evacuation.
- On 24 December, the situation escalated into an emergency as a "heating" indicated increased potential for spontaneous combustion of in-situ coal.
- On 25 December, the heating worsened and a fire commenced underground, which was suppressed by changes to mine ventilation.
- On 27 December, further containment was effected by injection into the mine of suppression gases, which choked oxygen supply to the fire.

The fire has been suppressed and the mine sealed in a manner which will allow flexibility as to re-entry or ultimately permanent closure, if such a course is dictated by safety or economic considerations.

The cause of fire will be fully investigated in due course. Monitoring of gas levels indicated that the fire started in a mined-out area (panel SL3) adjacent to the current longwall panel SL4.

Personnel numbers employed by site contractor Thiess and sub-contractors have been reduced by 150 people.

An expert working group continues to evaluate the conditions in the underground mine and how best to make the mine safe for re-entry. Significant effort and money has already been expended to assess the prospects of re-entering the mine and recommencement of mining operations. The time

required to achieve this remains uncertain.

The present situation is that the fire at the coal mine appears to have been contained. Ongoing monitoring of underground gases indicates that the levels of carbon monoxide have been progressively decreasing and the levels of oxygen have been increasing towards normal levels.

Bore holes are being drilled to lower monitoring instruments some 450 metres to target destinations between the postulated source of the fire and the longwall unit. The first such drill-hole entry was achieved on 19 January 2004 and normal temperatures were indicated in the tailgate end of the longwall face. This may be a positive sign that perhaps the longwall mining unit was not damaged.

The seal covering the main drift entry to the mine has now partly been removed. The mine is being reventilated at very low volumes in an attempt to clear residual gases produced by the fire.

The time required to make the mine safe to re-enter remains uncertain and may be a protracted period.

Coal Marketing

Coal sales totalled to 526,000 tonnes for the December quarter with sales to Korean, Japanese, European and domestic customers.

November was a record sales month of 278,000 tonnes and sales of 1.1 million tonnes were achieved for the half year to December 2003.

Significant price increases were secured in several contracts with major steel mills for the Japanese Fiscal Year 2004. However, the colliery fire has forced the Company to regretfully declare force majeure on several shipments scheduled for January and subsequent months.

Demand remains robust for both coking and thermal coal.

GYMPIE ELDORADO - GYMPIE, QUEENSLAND

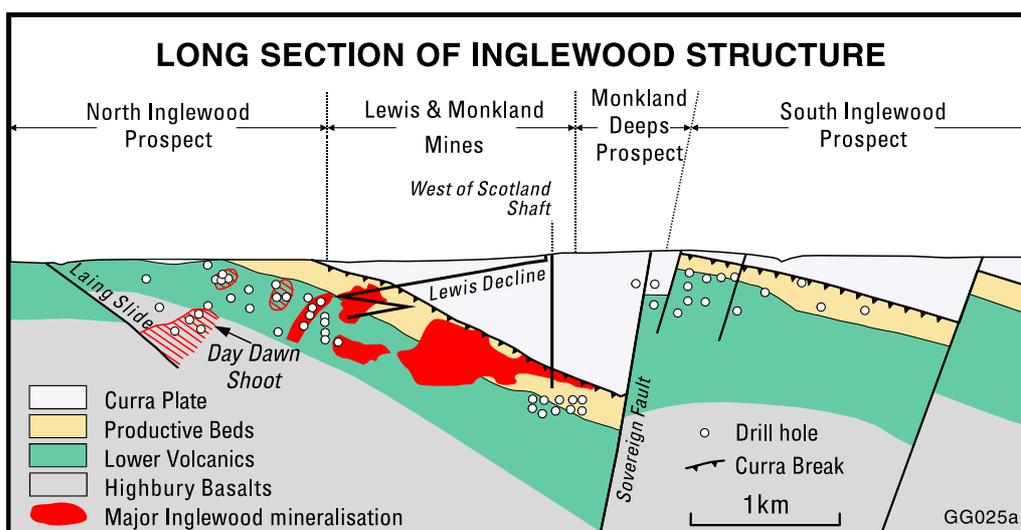
Safety and Environment

The lost time injury frequency rate reduced to 9 at the end of the December quarter from 10 the previous quarter. The operation has now achieved more than 10 months without a lost time injury.

No environmental incidents occurred during the quarter.

GYMPIE ELDORADO EXPLORATION

Drilling of the Goldfield continued on a restricted basis during the December quarter. Drilling focussed on following up results in the North Inglewood prospect as this area can most readily be accessed by extending the Lewis Decline



North Inglewood: Day Dawn Area

The North Inglewood prospect is located directly northwest of current mine workings. Exploration focussed on the Day Dawn area, which covers one of the flexures in the dip and strike of the Inglewood Structure. These flexures are linked to zones of higher gold accumulation, thus potentially forming ore shoots. Encouraging drilling results to date in the Day Dawn area, located 1.4 kilometres northwest of the mine, are as follows:

Hole	From (metres)	Length (metres)	Grade (g/t gold)
G027	120	1.0	7.6
G187	107	1.1	18.9
G215	440	2.5	10.7
G230	477	2.4	11.0
G239	561	4.0	3.6

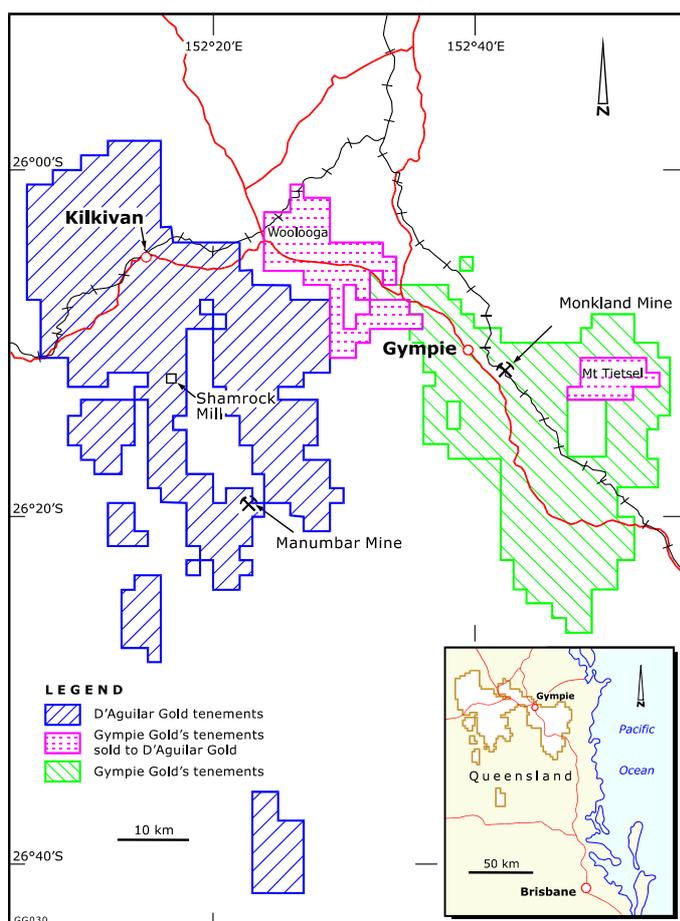
Drillhole G239 was completed in October 2004 and intersected 4.0 metres at 3.6g/t gold, confirming that the Highbury Basalts which underlie all of the Gympie Goldfield are prospective.

Drillhole G240 targeted the Highbury Basalts between the Day Dawn Shoot and the Aurelia Shoot. This diamond drillhole did not intersect significant mineralisation.

South Inglewood: Potential Major New Gold System

In December 2002, an uplifted repetition of the Inglewood-Stockwork-Gympie Vein System was discovered at the South Inglewood prospect. The drill-identified strike length of this system is currently about 1,000 metres. Drilling to date has provided much information on rock types and structural geometry, as well as intersecting gold mineralisation. This system has the required geology, scale and strength of mineralisation but requires more exploration to locate ore zones

An RC drilling program during the December quarter tested the shallow northern end of the South Inglewood prospect for stockwork mineralisation. The best result was 1.0 metre at 8.0g/t gold from 46 metres in drillhole GOP044.



Extension of Gympie Gold's Tenements

New tenements to south and east of Gympie now cover the recently recognised southern 20-kilometre extension of the Gympie Goldfield and the recently recognised granite source of the gold (the Woondum Igneous Complex). Very little exploration has taken place on these tenements.

The additional tenements bring Gympie Gold's 100%-owned tenement holdings in the Gympie district to 760 square kilometres. Importantly, the Company's tenements now cover the entire 33-kilometre potential strike length of the Gympie Goldfield.

GYMPIE ELDORADO OPERATIONS

December quarter gold production of 9,820 ounces due to a lower than forecast head grade as Stockwork ore was excessively diluted and Inglewood ore was sourced from development headings.

Summary of Gold Production and Costs

Cost disclosure as per US Gold Institute standard.		December 2003 Quarter	September 2003 Quarter	June 2003 Quarter	March 2003 Quarter	December 2002 Quarter
Mine Development	metres	975	862	1,213	1,523	2,368
Ore Mined	tonnes	50,473	49,119	48,208	47,253	62,960
Mill Throughput	tonnes	50,339	50,134	66,160	60,254	65,202
Head Grade	g/t	6.55	6.48	7.30	7.21	7.79
Mill Recovery	%	92.3	89.3	91.6	84.5	88.5
Gold Produced	ounces	9,776	9,327	14,228	11,737	14,447
Gemstone Gold	ounces	44	150	258	0	269
Total Gold Production	ounces	9,820	9,477	14,486	11,737	14,716
Cash Operating Cost	\$/oz	470	521	412	431	330
Total Cash Cost	\$/oz	483	540	427	447	346

Note: Appendix 1 at the end of this report contains detailed gold production and cost statistics.

Mill throughput was restricted to the tonnes mined during the quarter.

Ore treated during the quarter was comprised equally of Stockwork ore and Inglewood ore. Mill recovery increased to 92.3% as Inglewood ore comprised a greater proportion of mill feed than previous quarters.

The grade of Stockwork ore was lower than planned due to dilution from a wall failure in Block 6A. The majority of Inglewood ore treated was sourced from the development of the Museum Shoot. This development ore averaged 7.2g/t gold and indicates that grades from stopes in the Museum Shoot will be at least 9 g/t gold.

Outlook

During January 2004, exploration and mine development was curtailed in order to minimise expenditure. Ore will be sourced primarily from the Museum Shoot and Block 6A during the March 2004 quarter.

The Receivers and Managers have offered Gympie Eldorado Gold Mines Pty Ltd for sale by international tender, together with its interest in D'Aguilar Gold Limited.

Final offers are due by 17 March 2004.

D'AGUILAR GOLD LIMITED (25% OWNED)

D'Aguilar Gold Limited holds a number of bulk tonnage, gold-copper prospects centred on Kilkivan, some 50 kilometres west of Gympie.

During the December quarter, D'Aguilar commenced drilling of its prospects near Kilkiven and completed an issue of options to its shareholders.

CORPORATE INFORMATION

Directors

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

Senior Group Management

Harry Adams	Managing Director
Arthur Gillen	Chief Financial Officer
Peter Hayes	Chief Operating Officer
Garry Hall	General Manager, Gemstone
Ian Levy	General Manager, Corp Development
Bruce McQuitty	Exploration Manager, Gold
Bob Reynolds	General Manager, Coal Marketing
Rob Scargill	General Manager, Gold Operations

The Board of Directors, Managing Director and staff are assisting the Voluntary Administrators and Receivers and Managers, with a view to preserving as much value as possible for all stakeholders.

Issued capital

At 31 December 2003, Gympie Gold Limited had on issue 235.2 million ordinary shares, 11.2 million unlisted options at various exercise prices and 40.0 million convertible notes.

Stock exchange listings

Gympie Gold Limited's shares and convertible notes are listed 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 Gold Limited's shares and convertible notes were suspended prior to commencement of trading on 29 December 2003.

Further information on Gympie Gold

Visit www.gympiegold.com.au or contact:

Mail: Level 9, Gold Fields House
1 Alfred Street Sydney NSW 2000
Tel: +61 2 9251 2777
Fax: +61 2 9251 2666
Email: info@gympiegold.com.au

Shareholder enquiries

Computershare Investor Services Pty Ltd manages both the share register and the 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: 1 300 557 010 (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

This Quarterly Report was prepared by Gympie Gold's Management. The Voluntary Administrators and Receivers and Managers have consented to its release.

In this report the words Gympie Gold, "the Company" or "the Group" are used to refer to Gympie Gold Limited and/or its related parties. Gympie Eldorado or Gympie Eldorado Gold Mines refer to Gympie Eldorado Gold Mines Pty Limited. Southland or Southland Coal refer to Southland Coal Pty Limited.

Gympie Gold's financial year ends on 30 June. All currency is expressed in Australian dollars. All weights expressed in ounces are Troy ounces.

Some of the statements contained in this report are not historical facts but may be forward-looking statements such as forecasts, estimates and statements describing the Company's future plans, objectives or goals. Actual results could differ materially from those expected. This report should not be relied upon as the sole basis for any investment in Gympie Gold. Independent financial advice should be sought before making any investment in Gympie Gold

APPENDIX 1 – GOLD STATISTICS

Gold Production Cost Statistics

(Presented in accordance with US Gold Institute standard)

	December 2003 Quarter		September 2003 Quarter		June 2003 Quarter		March 2003 Quarter		December 2002 Quarter	
	\$A000	\$A/oz	\$A000	\$A/oz	\$A000	\$A/oz	\$A000	\$A/oz	\$A000	\$A/oz
Direct mining expenses	5,000		5,091		6,183		5,498		4,890	
By-product credits	(406)		(235)		(303)		(461)		(127)	
Cash Operating Costs	4,594	470	4,856	521	5,880	412	5,037	431	4,763	330
Royalties	131		184		212		192		235	
Total Cash Costs	4,725	483	5,040	540	6,092	427	5,229	447	4,998	346

Notes: 1) By-product credits represent sales of waste, silver and gemstone. Gemstone production is treated as stock until sold by the marketing department or by our marketing joint venture to third-party customers. It is then shown as by-product credit. 2) Mine exploration expenditure is treated as either "Direct mining expenses" or "Amortisation" depending on the time horizon of the exploration. All other exploration expenditure outside of the mine area is capitalised, the carrying value reviewed regularly and then expensed under the category of "Write-Offs".

Gold Development and Production Statistics

	December 2003 Quarter		September 2003 Quarter		June 2003 Quarter		March 2003 Quarter		December 2002 Quarter	
MINE DEVELOPMENT	Metres		Metres		Metres		Metres		Metres	
Metres on Ore	572		415		455		159		229	
Metres on Waste	403		447		758		1,364		2,139	
Total Metres Developed	975		862		1213		1,523		2,368	
MINE PRODUCTION	Tonnes	Grade g/t	Tonnes	Grade g/t	Tonnes	Grade g/t	Tonnes	Grade g/t	Tonnes	Grade g/t
Inglewood Ore	10,105	8.2	3,055	9.7	3,891	7.3	0	0	15,667	8.9
Gympie Vein Ore	1,373	19.3	405	10.0	3,725	9.8	2,279	9.0	2,566	8.5
Stockwork Ore	23,374	6.1	36,320	7.0	32,732	7.2	39,652	6.7	41,603	7.1
Specimen Stone	0.4	0.3%	1.9	0.8%	0.1	0.2%	0.6	0.5%	0.6	0.4%
Old Stope Fill	300	3.5	0	0	1,908	3.0	1,965	3.5	222	3.5
Development Ore	15,321	7.2	9,337	4.1	5,952	8.5	3,356	6.4	2,902	4.1
Total Ore Mined	50,473	7.2	49,119	6.9	48,208	7.4	47,253	6.7	62,960	7.5
TREATMENT PLANT	Tonnes	Grade g/t	Tonnes	Grade g/t	Tonnes	Grade g/t	Tonnes	Grade g/t	Tonnes	Grade g/t
Inglewood Ore	25,176	7.2	13,018	7.1	11,379	7.8	4,710	9.7	19,305	10.2
Carbonaceous Ore	0	0	0	0	0	0	2,502	16.1	0	0
Stockwork Ore	25,163	5.9	37,114	5.9	54,781	7.2	53,042	6.5	45,898	6.7
High Grade	0.41	0.33%	1.87	0.81%	0.03	1.65%	0.60	0.47%	0.62	0.41%
Total Ore Treated	50,339	6.55	50,134	6.48	66,160	7.30	60,254	7.21	65,202	7.79
Mill Recovery Rate (%)	92.3%		89.3%		91.7%		84.5%		88.5	
Gold Produced (ozs)	9,776		9,327		14,228		11,737		14,447	
Gemstone Gold (ozs)	44		150		258		0		269	
TOTAL GOLD (ozs)	9,820		9,477		14,486		11,737		14,716	

Gympie Gold ® Gemstone is sold at prices which reflect its appearance and rarity – not gold content. Gemstone sales revenue is more than 7-fold the value of the contained gold.

Release date: 30 January 2004