

ASX Announcement & Media Release

17 June 2002

Gympie Gold Shareholders Approve \$40 Million Convertible Note Issue

At a General Meeting today, Gympie Gold shareholders overwhelmingly approved the \$40 million Convertible Note issue announced on 17 May 2002. Shareholders also ratified a \$10.5 million placement made earlier in the year.

Chairman Michael Darling said, "The purpose of these capital raisings is to strengthen the Company's balance sheet to ensure the rapid growth that is underway in both our coal and gold businesses can be sustained and further enhanced. Put simply, we want to take maximum advantage of the current favourable period in the commodity cycle to reinforce the good returns generated for our shareholders in recent years."

The Convertible Notes provide fixed interest payments at a rate of 8.5% per annum as well as the option for the Noteholder to convert the notes into Gympie Gold shares at a fixed conversion price of \$1.35 per share. If the Noteholder elects not to convert the notes into Gympie Gold shares, then the Company will simply redeem the notes at par value (\$1.00) at the end of their five-year life.

The Convertible Notes are expected to commence trading on or around 24 June 2002 on both the Australian Stock Exchange and the Alternative Investment Market (AIM) of London Stock Exchange.

Managing Director Mr Harry Adams said, "It was pleasing that the \$40 million maximum subscription for this Convertible Note issue was raised very quickly and from a wide cross-section of the investment community. Approximately \$25 million was taken up by institutional investors in Australia, the United Kingdom and Continental Europe and \$15 million was taken up by Australian retail investors including many existing shareholders."

Gympie Gold is an Australian exploration, production and marketing company which mines and markets gold and gemstone from the high-grade historic Gympie Goldfield in south-east Queensland and high-quality coking coal from the Greta Seam in the Hunter Valley of New South Wales, some 65 kilometres from the world's largest coal port.

"Our business focus for 2002-03 is to establish strong surplus cash flows and profits at Southland Coal and to further expand exploration of the Gympie Goldfield by drilling already-identified large-potential gold targets," Mr Adams said.

Visit Gympie Gold's website (www.gympiegold.com.au) for further information, such as the full text of the Chairman's Address to the General Meeting today.

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