

Report for June 2002 Quarter

Principal Points

PRODUCTION

- Gold production of 17,120 ounces for the quarter and 51,702 ounces for the year at low cash operating costs of \$239/oz and \$317/oz and head grades of 8.7g/t and 8.5g/t respectively.
- Gympie Gold® Gemstone production raised Gympie Eldorado aggregate production to the revenue equivalent of over 55,000 ounces of gold for the year – as gemstone is higher value-added than gold.
- Coal sales of 281,281 tonnes for the quarter and 1.1 million tonnes for the year.
- Southland Coal completed the development of SL3 - the largest longwall panel ever developed in the Greta Seam. SL3 contains 1.7 million tonnes of coal recoverable over the coming year and its extraction commenced in July. For the first time since Southland's start-up in mid-1998, mine development is no longer a bottleneck.
- Gympie Eldorado mine development a record 2,935 metres due to the Lewis Decline extension, to support exploration and integrate the operations of the Lewis and Monkland Mines.
- Gympie Eldorado's processing plant capacity de-bottlenecked to 300,000 tonnes per annum.

PHYSICAL RISKS

- All operations are running at industry standard safety and environmental performance. Southland has a lost time injury frequency rate of less than 10, which is best-quartile for underground coal mining.

GOLD EXPLORATION

- Goldfield exploration has been stepped up as several large targets are being drilled. A major target is the recently interpreted four kilometre extension of the Inglewood Structure, where ground geophysics and first-pass drilling will commence in the September quarter.
- Southern Gympie Goldfield exploration has succeeded in identifying its first 100,000 ounce resource, potentially part of a larger ore system at Partridge Graben and within 500 metres of the Lewis Decline.
- Lewis-Monkland Mine exploration continues to identify high-grade Gympie Veins and intersect zones of stockwork mineralisation that can be exploited from existing mine infrastructure.

MARKETING

- The \$A coal price received in 02-03 should be about 15% more than achieved in 01-02 because of the lower \$A/\$US rate and higher contracted \$US per tonne prices for 02-03.
- Market and product diversification continues with coal sales increasing to Korean and Brazilian steel mills.
- Gympie Gold® Gemstone had its first +\$550,000 sales quarter and prices were increased.
- Group revenue of \$77 million for the year versus target for 02-03 of \$140 million.

CORPORATE

- A \$40 million issue of Convertible Notes was over-subscribed. The notes have an 8.5% coupon, a conversion price of \$1.35 per share and represent only 15% of the fully-diluted capital.
- Cash and gold bullion at quarter-end totalled \$26 million and undrawn loan facilities were expanded.
- Gold hedging reduced from 50% of resources 18 months ago to less than 30% and will reduce further. Currency hedging in place for 45% of expected sales over next 18 months at \$A/\$US rate of 0.56.

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CORPORATE OVERVIEW

Gympie Gold Limited has two principal businesses:

- **Gympie Eldorado Gold Mines** has re-established production from the high-grade Gympie Goldfield in southeast Queensland. The core activity of exploring for large, high-profit gold orebodies is supported by mine development and production from the Monkland and Lewis Mines. Gympie Gold[®] Gemstone is also extracted, processed and marketed internationally as a range of high value-added products.
- **Southland Coal** controls the strategically important Greta Seam and produces high-quality coking coal in the Hunter Valley, New South Wales. Southland Coal products include Australia's lowest ash high-fluidity metallurgical coal and also has exceptionally high calorific value.

Gympie Gold Limited's objective is to generate above-average returns to shareholders, as we have achieved over the past 6 years with the company's market capitalisation increasing by more than 300% while the shares on issue have increased only 26%. These strong returns reflect the value added to our operations, efficient re-investment of operating cash flows, innovative financing arrangements with contract-miners and banks, and successful exploration.

Business Plan Update

Rapid Focused Growth will continue during 02-03 with significant profits targeted as high earnings commence from Southland Coal, where washed coal production is forecast to increase to 1.5 million tonnes for the year. Substantial gold discoveries are targeted in the Gympie Goldfield as exploration is increased and directed at several large structures with the potential to host more than one million ounces are drilled.

The 01-02 financial year was dedicated to setting up gold and coal operations in order to establish a foundation for strong group profits from 02-03 onwards. This required substantial investment in mine development, capital equipment, operational improvements and management time while at the same time growing 01-02 Group Revenues by 15% to about \$77 million, based on preliminary unaudited figures for 01-02 as compared with audited actuals for 00-01.

The Company did not quite achieve all its initial targets for 01-02 operational performance – for a variety of reasons the achievement of targeted rapid growth in unit outputs proved slower than expected and therefore unit costs were higher and profit margins were lower than expected. Nevertheless, the Company's growth momentum remains very strong. Expected 02-03 Group Revenue remains in line with the long-standing business plan target of approximately \$140 million (up over 80% on 01-02).

Gympie Gold is successfully establishing high-profit businesses by controlling costs as outputs increase, by further increasing the \$A product selling prices and by further value-adding to the group's gold and coal products through customer-focus and marketing-innovation.

Strategic Alliances

The Company retains 100% ownership of Gympie Eldorado and 90% of the Southland Colliery via wholly-owned Southland Coal. Strategic alliances have been formed with strong organisations:

- **Roche** for mining operations at Gympie Eldorado's new Lewis Mine;
- **Kabana** for market and product development in the gemstone and gold jewellery industry;
- **Thiess** for mining and processing operations at Southland Colliery; and
- **AMCI** for assisting in customer-servicing in the coking coal industry.

Convertible Note Issue

The Company's balance sheet was strengthened by a \$40 million issue of Convertible Notes during the quarter. Approximately \$25 million was taken up by institutions in Australia, the United Kingdom and Continental Europe, with the remaining \$15 million taken up by approximately 1,000 retail investors, including many existing shareholders. In the event that all 40 million notes are ultimately converted in shares, this would represent only 15% of current issued capital on a fully diluted basis.

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.

At a General Meeting on 17 June 2002, Gympie Gold shareholders approved the Convertible Note issue. The Convertible Notes subsequently commenced trading on both the Australian Stock Exchange (code GYMG) and the Alternative Investment Market (AIM) of London Stock Exchange (code GGDA).

Financial Position

Cash and gold bullion at quarter-end increased by \$19 million to \$26 million, largely from the proceeds of the Convertible Note issue which were also partly used to reduce short-term borrowings.

Current assets less current liabilities at 30 June 2002 were \$26 million (30/6/01 \$12 million).

Documentation is now well advanced for a medium-term loan facility with a new banking syndicate. This facility will replace the existing smaller short-term loan facility, thus enabling more funding capacity and flexibility. The Company is financially well-positioned for its current rapid growth.

Gold and Currency Hedging

During the quarter, a total of 16,462 ounces were sold at \$A528/oz. The Company's long-standing gold hedging strategy is to put in place forward sale contracts at prices above \$A500/oz which are sufficient to cover base costs and commitments. Hedging commitments have reduced from 50% of gold resources 18 months ago to less than 30% currently and will reduce further. Combined with revenue received from by-products, aggregate revenue received per ounce of gold sold was \$A566/oz for the quarter and \$A576/oz for the 12 months, exceeding average spot gold prices over the respective periods.

Table 1: Gold Hedging Position as at 30 June 2002

Disclosure as per Australian Gold Council standard		02-03	03-04	04-05	05-06	Totals/ Averages
Total Hedged (Forward Sales)	ounces	63,000	74,100	36,000	36,000	209,100
Estimated Net Realisable Price	\$A/oz	528	530	520	520	526
Call Options Sold	ounces	10,750	-	-	-	10,750
Strike Price	\$A/oz	520	-	-	-	520
Total Committed (Forward Sales + Calls)	ounces	73,750	74,100	36,000	36,000	219,850
Estimated Net Realisable Price	\$A/oz	527	530	520	520	526

- Estimated Net Realisable Price is after allowing for gold lease fees on all ounces, which are fixed until March 2003 or later, and then assumed to be 1.5% per annum thereafter.
- Margin calls do not apply to gold hedging contracts. No contingent hedging contracts exist.
- Mark-to-market of negative \$A15 million at quarter-end gold price of \$A558/oz.

In respect of currency hedging of coal sales, the long-standing strategy is to cover contractually committed \$US sales with forward foreign exchange contracts at prevailing exchange rates. At the date of this report, \$US36 million of coal revenues were hedged at an average \$A/\$US rate of 0.56 with a forward-sale commitment schedule spread over an 18-month period. This currency hedge position insures the \$A price of approximately 45% of coal sales expected over that period. The negative mark-to-market value of this position is approximately \$A3.8 million at the current \$A/\$US spot rate of around 0.54.

The \$A coal price received by the Company in 02-03 should be about 15% more than achieved in 01-02 because of the lower \$A/\$US rate and higher contracted \$US per tonne prices for 02-03.

GYMPIE GOLD® GEMSTONE

Gympie Gold® Gemstone has built a profitable niche in the world market, due to the Company's rare ability to consistently supply a unique, high-quality gold-in-quartz product to an international marketing, distribution and service network. Innovation continues in gemstone recovery, processing and marketing.

Revenue has increased steadily since the business commenced in 2000 and 01-02 revenue of \$1.6 million was more than double the previous year's revenue. Product prices were increased during the quarter and continuing growth is targeted.

GYMPIE ELDORADO- GYMPIE, QUEENSLAND

Safety and Environment

Over the past year, the lost time injury frequency rate has improved to 15 from 24 and the severity rate has improved to 269 from 624. Further improvement across the board remains our highest priority.

During the quarter, Gympie Eldorado won a Queensland Training Award for its region.

No significant environmental incidents occurred during the quarter.

Operations

The continued increase of both mined and milled tonnes resulted in record quarterly gold production of 17,120 ounces and record annual production 51,702 ounces.

The Company continued to invest in expanding the operation and mine development was also a record at 2,935 metres advance during the quarter.

Table 2: Summary of Gold Production and Costs

Cost disclosure as per US Gold Institute standard.		2001-02 Financial Year	June 2002 Quarter	March 2002 Quarter	December 2001 Quarter	September 2001 Quarter
Mine Development	metres	9,965	2,935	2,503	2,427	2,100
Ore Mined	tonnes	209,088	66,388	58,563	50,445	33,691
Mill Throughput	tonnes	194,490	65,127	52,582	41,746	35,034
Head Grade	g/t	8.54	8.65	8.29	9.95	7.01
Mill Recovery	%	94.5	93.3	93.1	96.6	96.1
Gold Produced	ounces	50,346	16,884	13,049	12,900	7,589
Gemstone Gold	ounces	1,356	236	206	664	250
Total Gold Production	ounces	51,702	17,120	13,255	13,564	7,839
Cash Operating Cost	\$A/oz	317	239	293	345	484
Total Cash Cost	\$A/oz	331	254	310	377	498
Total Production Cost	\$A/oz	429	278	415	485	693

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

The cash operating cost for the June quarter decreased to a low \$239/oz (\$US129/oz), primarily from record production while limiting increases in expenses. Revenue of \$528/oz gave a strong cash operating margin of \$A288/oz (\$US156/oz). Total production cost was a very low \$279/oz (\$US151/oz), reflecting positive end-of-year adjustments of depreciation and amortisation as compared with the higher assumed-figures during the course of the financial year.

Ore milled during the quarter was primarily sourced from the Inglewood Lode and Stockwork Block 6A in the Monkland Mine and from the Inglewood Lode in the Lewis Mine.

Mine development work included:

- Commencement of main Lewis Decline extension to connect with the deeper workings of the Monkland Mine by December 2002 – to further support exploration and to facilitate integration of the mining operations.
- Installation and commissioning of new main ventilation fans.
- Monkland Mine setting up Stockwork Block 6A.

Mill capacity has now been expanded to 300,000 tonnes per annum and can be further incrementally expanded as ore production increases. This capital-conserving strategy of continual de-bottlenecking includes modifications to each of the grinding, gravity circuit and leach circuits.

Gold production for the 02-03 financial year is targeted to grow further. A primary ore source for the 02-03 financial year is planned to be Stockwork Block 6A, the grade of which is relatively difficult to estimate due to its internal variability. Monkland Mine production tonnage is well-defined but gold and gemstone production will largely be dependent on the grade achieved. Production in 02-03 from the Lewis Mine will depend on the speed of conversion of Mineral Resources to Ore Reserves and the speed of the associated ore development .

GYMPIE EXPLORATION

Exploration expenditure for the quarter totalled \$1.7 million. This staged increase in the Company's commitment to exploration reflects the recent improvement in the gold price and:

- The medium-term plan for the staged opening-up of the Gympie Goldfield where the potential for discovery exceeds 6 million ounces of gold.
- The search for a major new gold system of +1 million ounces which can be accessed and exploited via the existing capacity in the Lewis Mine. This search is currently concentrating on large structures in the Southern Gympie Goldfield.
- Exploration for additional resources in identified targets, including large zones prospective for Stockwork mineralisation, Inglewood Lode high-grade ore shoots and smaller/higher-grade Gympie Veins.
- The policy to convert resources to reserves for the new Lewis Mine to complement the existing reserve inventory of over 3 years' ore for the Monkland Mine.

Search for a Major New Gold System: Southern Gympie Goldfield

This program is aimed at discovering a major new gold ore system analogous to the Inglewood/Stockwork/Gympie Vein System in the current mine areas which has yielded over two million ounces. The Company has discovered mineralised blocks of goldfield geology in the Southern Gympie Goldfield which show potential to host such deposits at shallow depths. These prospects are accessible from the Lewis Mine which has design capacity for more than 1Mtpa as compared with initial mine plan production of 0.3Mtpa.

Figure 1: Location Plan of Mines and Partridge Prospect

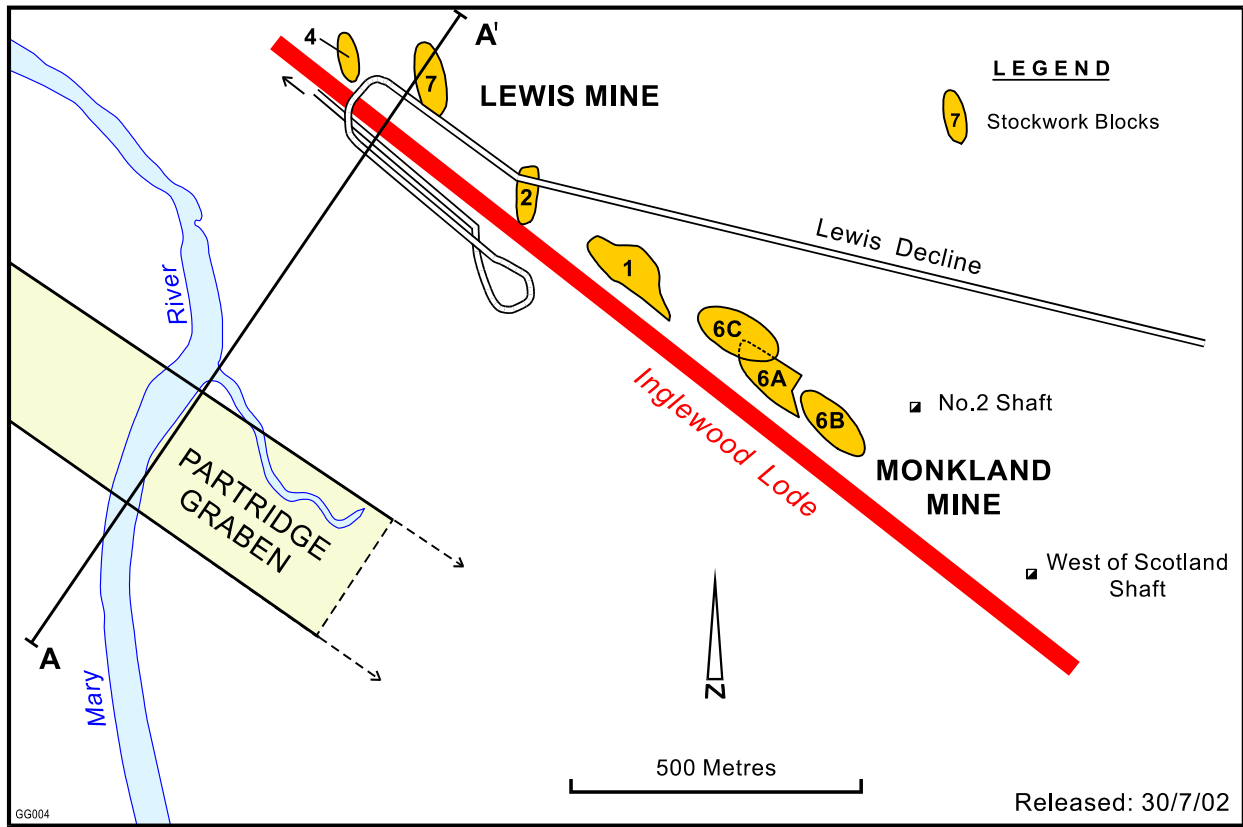
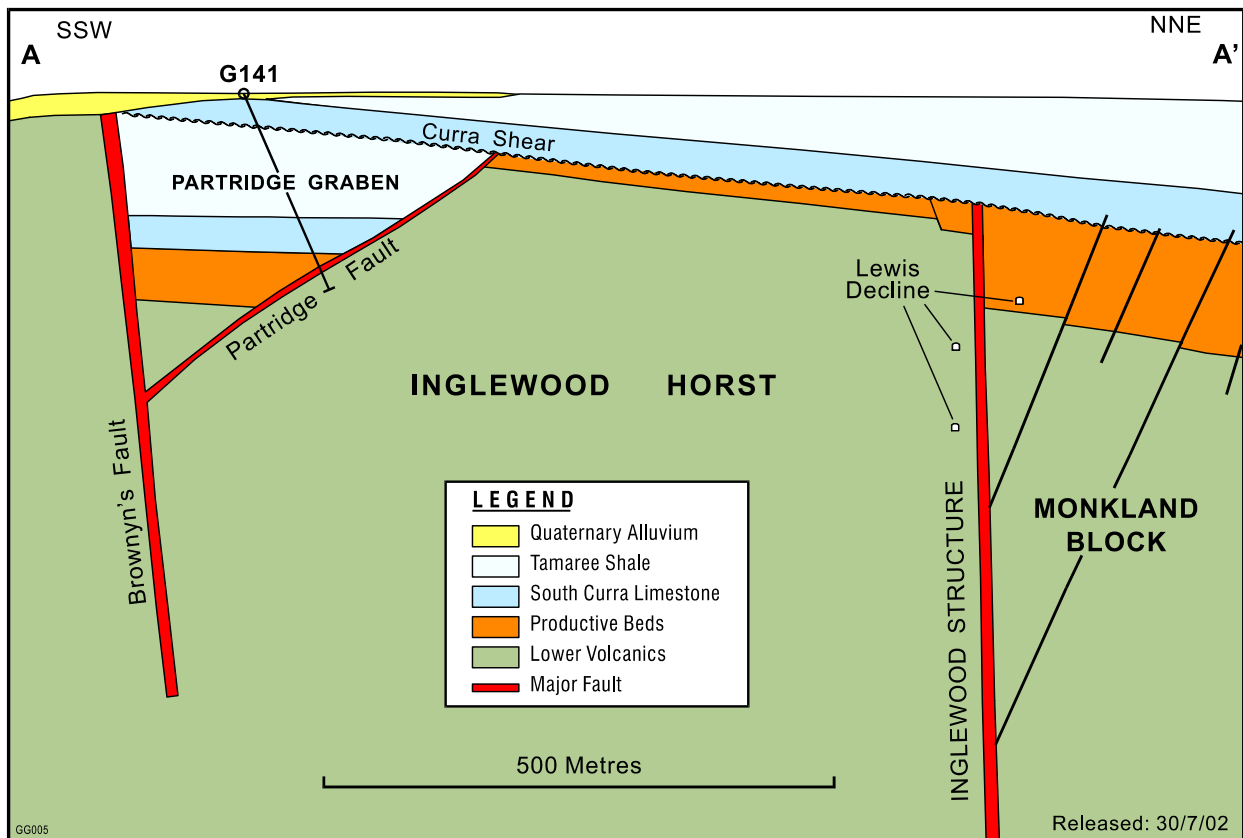


Figure 2: Schematic Section A to A' (see location on Figure 1)



Partridge Graben

Partridge Graben is a fault-offset block of favourable Goldfield rocks discovered in 1999-2000. It is located 500 to 1,200 metres southwest of and at the same depth as the Lewis Mine (see Figures 1 and 2). First-pass diamond drilling has concentrated on an 800 by 200 metre area but the mineralised structure remains open along strike in both directions. The best grades are where the Partridge Fault is in contact with carbonaceous sediments known as Productive Beds.

Table 3: Partridge Fault Intersections in Productive Beds

Hole	Length Metres	Grade g/t Au
G141	4.6	29.9
G142	3.0	4.4
G146	2.9	1.6
G153	0.4	1.8
G154	1.7	1.1
GOP009	2.0	11.2
GOP010	5.0	6.0

Resource Estimate: The style of mineralisation is similar to that of the Productive Beds in the Monkland Mine. An Inferred Resource of 535,000 tonnes averaging 5.6g/t gold containing 96,000 ounces has been estimated for the Partridge Fault structure within the favourable beds. Follow-up drilling is in progress with a view to establishing an initial exploratory target for cross-cutting from Lewis Decline.

Experience in the Monkland Mine has established that these high-grade orebodies are sourced from a feeder structure. The source of the mineralisation at Partridge is yet to be established.

Proposed Southern Goldfield Joint Venture

The Company continues to progress a proposal to form an exploration, development and production joint venture for the Southern Gympie Goldfield. The envisaged structure would enable numerous individuals to participate directly in a gold exploration and mining joint venture, with the Gympie Gold Group as operator and majority owner. It would accelerate exploration of zones which have ranked as high priority exploration targets for at least two years but where progress has been retarded by competing group priorities. This proposal remains subject to regulatory approvals.

Inglewood Lode in the Lewis Mine Area and further North

Inglewood Lode is a sub-vertical sheet of mineralisation known to extend over a strike length of 2.5 kilometres and a depth of 1 kilometre. Lode width can vary from 0.5 metres to 5 metres. Zones of higher-grade Inglewood ore form north-plunging "shoots", typically at 250 to 300 metre spacings and typically containing 50,000 to 150,000 ounces of gold at better than 10g/t grade.

Despite the existence of low-grade patches in places, the Inglewood Lode is our most reliable orebody. Resource drilling of the Inglewood is expected to continue to expand our resource and reserve base for at least the next two years as the Lewis Mine develops the lode.

Recent reprocessing of airborne magnetic data has **highlighted a strong magnetic linear feature which extends for four kilometres along strike to the north of the known Inglewood Structure.** This feature has a similar magnetic pattern to that of the known Inglewood Structure and occurs in an area completely covered by alluvium and barren caprock. Follow up of this linear feature is planned via ground magnetics in order to better define the target prior to drilling. At present, it remains open to conjecture as to whether this linear feature is an extension to the Inglewood Structure. If so, it would more than double the length of the Inglewood Structure and provide an exploration target of considerable extent.

In the Lewis Mine area, three high-grade Inglewood Lode shoots are the Museum Shoot, the Great Eastern Shoot, and the Aurelia Shoot (newly discovered). Drilling is continuing on the Museum Shoot.

Museum Shoot

Drilling between 10 Level and 13 Level has returned intercepts of good grade that support the results from earlier drilling reported previously:

Table 4: Significant Drill Intercepts on Museum Shoot

Hole	Horizontal Width Metres	Grade g/t Au
M109	0.5	5.9
M110	1.7	3.3
M111	2.5	13.9

Stockworks

Stockworks discovered to date have mostly been located within 100 metres to the northeast of the main Inglewood Lode but Stockwork Zones also occur further away from the Inglewood (see Figure 1). Stockworks are zones of multiple close-spaced gold-quartz veins normally ore-grade in black shale rocks. They can be massive orebodies up to 80 metres wide and each stockwork zone can contain 30,000 to 300,000 ounces of gold at grades from 5g/t to 15g/t.

Stockwork exploration is currently focussed as follows (see Figure 1):

- Zone 6:** 6A orebody being developed and mined; resources being established for 6B & 6C.
- Zone 1:** follow-up drill testing of earlier success including 20metres at 13g/t in hole M053.
- Zone 2:** associated with the major Gympie Vein historically mined as the Oriental Reef.
- Zone 7:** currently being evaluated by exploratory development off Lewis Decline.
- Zone 4:** associated with the major regional structure called “Rands Dyke”.

Stockwork Lodes in Lewis Mine Area

Stockwork Zone 1

Drilling underway testing Stockwork Zone 1, following up earlier drillhole M053. Eight Gympie Vein reefs occur within the Stockwork Zone 1 area and drilling is beginning to define each of them. Some have been heavily mined and the voids are filled with mineralised stope fill (some potentially good grade). In places, structural offsets of the reefs are unmined and strongly mineralised.

This area is within reach of the Lewis Decline over the coming 8 months.

Continuity is yet to be established but the best results in current program for Zone 1 are:

Table 5: Intercepts from Stockwork Zone 1

Reef	Hole	Length Metres	Grade g/t Au
Dundee	J015	6.0	1.5
	J018	11.9	4.5
	J020	21.8	13.8
Cumbria	M053	20.0	13.0
	J015	0.3	21.7
	J018	0.3	67.1
Edinburgh	M053	0.5	17.8
	A066	5.5	4.3
	J011	0.4	109.0
	J012	0.4	24.2
	J014	1.8	6.9
	J019	4.4	2.2
Stope Fill Samples* Clyde	J012	0.6	221.0
	J014	5.2	2.5
	M060	3.4	18.3

*Note: These gold-bearing stope fill samples suggests possibility of economic grades in extraction of fill from historical workings.

Gympie Vein Resources

Gympie Veins are well understood and are relied on for high-grade ore and rare instances of Gympie Gold® Gemstone. But Gympie Vein ore remains under-represented in our reserve and resource statements due to their extremely nuggetty gold distributions, which restricts estimation methods. During the March quarter, production commenced on the major high-grade Gympie Vein called O'Regans Reef in the Monkland Mine.

New Productive Bed Confirmed In Mine Area

Stockworks or Gympie Vein orebodies form where mineralised veins pass through “Productive Beds” which are carbonaceous (ie. carbon-bearing) sedimentary rocks. A second Productive Bed called the Lower Nash sediment has been identified approximately 50 metres below the main Productive Bed and drilling is underway targeting ore structures in the Lower Nash sediment.

Table 6: Initial Intercepts In The Lower Nash Productive Bed

Reef	Hole	Length Metres	Grade g/t Au
Dundee	J002	0.3	6.6
	J004	2.0	29.7
	J006	0.7	2.4
Cumbria	J011	0.14	20,000 (2%)
West of Glasgow	J008	2.0	85.4

SOUTHLAND COAL, HUNTER VALLEY NSW

Safety and Environment

The colliery has a lost time injury frequency rate of less than 10 which is best-quartile for underground coal mining.

Southland continues to remove old coal refuse and revegetate land associated with coal production by previous operators over some decades. No significant environmental incidents occurred during the quarter.

Operations

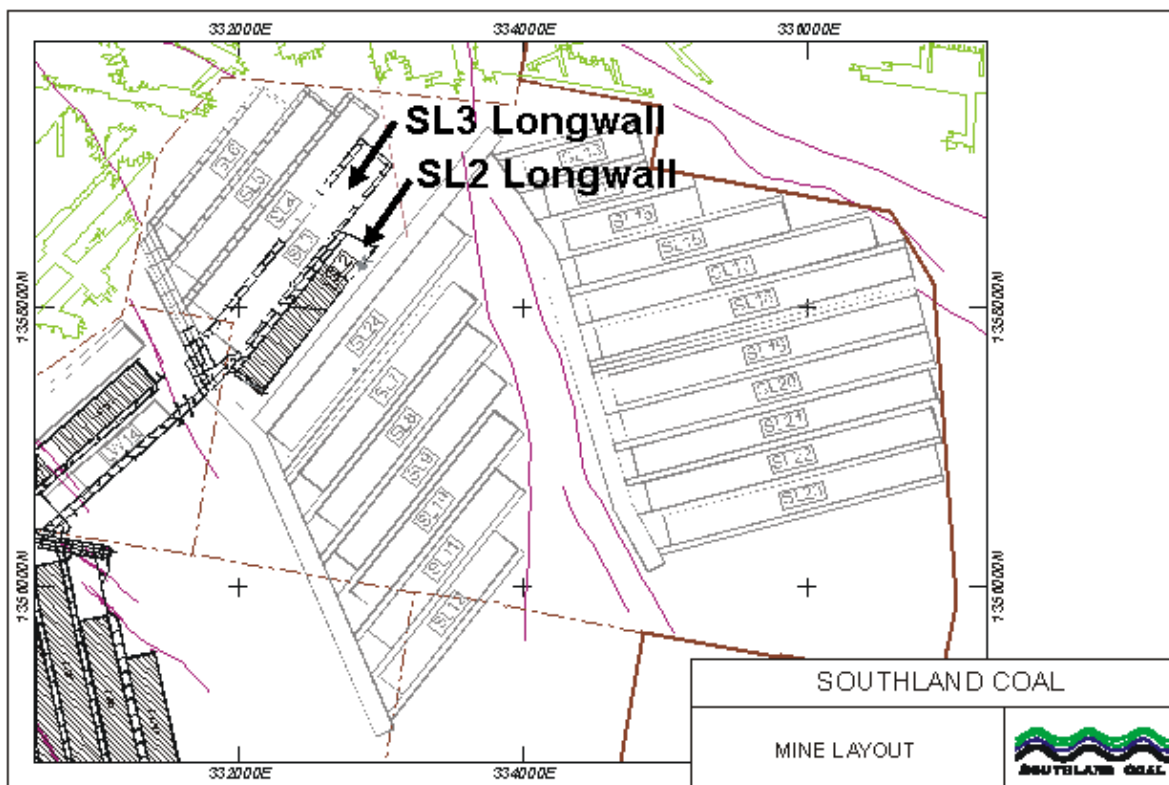
Thiess Pty Limited was appointed contract operator at Southland Colliery in March 2001. Since taking over the operations, Thiess has initiated a range of improvement programs to increase production and lower costs.

In order to make up for the lack of development completed by the previous contractor, development was a priority during 01-02 and totalled 10,600 metres for the year. Longwall panel SL3 was fully developed during the year and contains over 1.7 million tonnes of coal - the largest single production panel in the history of the Greta Seam.

As mine development is no longer a bottleneck for the operation, development for the quarter was tapered off to 2,533 metres. Accordingly the continuous miner fleet has recently been reduced from 4 to 2 and the development rate for 02-03 is forecast to average 1,600 metres per quarter, which will still support expansion of production to more than 2mtpa within 3 years.

Mining conditions have been typical of the Greta Seam for both development and longwall operations. The longwall operated satisfactorily during the quarter, although operating costs have been more than planned. Steps are being taken to reduce these unit costs as operational efficiency is improved with experience of the new operator, operating procedures are refined and as output rises from 1.0 million tonnes in 01-02 to over 1.5 million tonnes in 02-03. Also notable in this regard is the now-completed conversion of the operation to the conventional longwall retreat method as from the commencement of longwall panel SL3 in July. The previous panel SL2 had been layed out in an unusual and more challenging manner by the previous operators who were replaced in early 2001.

Figure 3: Southland Project: Total Long-Term Mine Layout



Raw coal production of 1.0 million tonnes was achieved for the 01-02 year from extraction of the remnant of longwall panel SL2 - this was essentially a profit “break-even” level of production. For the 02-03 year raw coal production from Southland’s first large longwall panel is targeted to rise to over 1.5 million tonnes – which should produce a quite healthy level of profits.

Raw coal production for the June quarter was 256,599 tonnes, slightly less than forecast as completion of the longwall changeover to the SL3 panel was delayed from June to July to facilitate additional refurbishment works on the longwall unit.

The high washery yield of more than 90% reflects the quality of coal in the Bellbird South leases, which contains more than 20 years of coal reserves. The high coal quality is due to the excellent in-situ coal characteristics and also the greater than six metre thickness of the seam in the Bellbird South area, which allows some selective mining to occur.

Table 7: Southland Production and Sales Statistics

		2001-02 Financial Year	June 2002 Quarter	March 2002 Quarter	December 2001 Quarter	September 2001 Quarter
Development Advanced	metres	10,600	2,533	2,756	3,152	2,159
Raw Coal Produced “ROM”	tonnes	1,026,512	256,599	285,233	251,580	233,100
Washed Coal Produced	tonnes	959,596	243,629	262,585	248,120	205,262
Coal Sales (including purchases)	tonnes	1,117,586	281,281	303,843	272,217	260,245

Note: All figures quoted are for 100% of the project. Southland Coal’s share is 90%.

During the quarter, Southland Coal appointed a General Manager – Coal Operations, who will be responsible for leading various projects to increase production and reduce costs at the operation. Projects commenced during the quarter include:

- Operational efficiency reviews across several fronts in mining operations
- Coal washability studies to determine the potential for yield improvement at the coal preparation plant. There may be potential to bypass a sized fraction of the coal mined at Southland
- Recovery of coal from reject dumps. Extensive coal reject dumps exist within the mining lease and it may be possible to recover coal from these dumps by utilising new processing methods.

Marketing

Southland Colliery mines the renowned Greta Seam, the products of which have been marketed for over 100 years. Southland is currently the only pure coking coal mine in the Hunter Valley and therefore has a defensible long-term strategic role among exporters of coal from the port of Newcastle – the world’s largest coal port.

Southland produces Australia’s lowest ash, high-fluidity coking coal. The coal retains its fluidity for an unusually long period thereby facilitating penetration into distant markets such as South America and Europe.

Southland takes advantage of the superior quality attributes of its coal to produce various blends that meet specific requirements of its diversified customer base. Coal is also supplied to other producers shipping coal from Newcastle in order to add value to their export products.

A diversified customer base enables Southland to better market its products as demand changes. Southland’s marketing strategy involves expansion to seven customer blocks around the world, with each customer block responsible for 10% to 20% of total sales.

CORPORATE INFORMATION

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

Senior Group Management

Harry Adams	Managing Director
John Leach	Finance Director
Ron Cunneen	General Manager, Gold Exploration
Garry Hall	General Manager, Gemstone
Peter Hayes	General Manager, Coal Operations
Rowan Johnston	General Manager, Gold Operations
Ian Levy	General Manager, Corp Development
Bob Reynolds	General Manager, Coal Marketing

Issued capital

At 30 June 2002, Gympie Gold Limited had on issue 156.7 million ordinary shares, 9.0 million unlisted options at various exercise prices and 40.0 million notes convertible into 30.0 million ordinary shares.

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

Substantial shareholders

At 30 June 2002, the substantial shareholders (beneficial holders of more than 5%) were:

Pilatus Capital Limited	25.1%
Commonwealth Bank Group	7.4%
ING Australia Holdings Limited	5.4%

Further information on Gympie Gold

Visit www.gympiegold.com.au or contact:

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To be notified by email of future releases, simply send an email to info@gympiegold.com.au with "subscribe email alerts" and your name.

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

APPENDIX 1 – GOLD STATISTICS

Gold Production Cost Statistics

(Presented in accordance with US Gold Institute standard)

	2001-02 Financial Year		June 2002 Quarter		March 2002 Quarter		December 2001 Quarter		September 2001 Quarter	
	\$A000	\$A/oz	\$A000	\$A/oz	\$A000	\$A/oz	\$A000	\$A/oz	\$A000	\$A/oz
	Direct mining expenses	18,971		5,842		4,128		4,611		4,390
Mine development adjustment	(4,466)		(2,209)		(717)		(559)		(981)	
Mill & transport costs	3,589		1,070		951		861		707	
By-product credits	(1,809)		(618)		(507)		(213)		(471)	
Cash Operating Costs	16,399	317	4,085	239	3,856	293	4,699	345	3,759	484
Royalties	745		261		186		193		105	
Total Cash Costs	17,144	331	4,346	254	4,042	310	4,892	377	3,864	498
Depreciation	2,267		100		764		746		657	
Amortisation/Write-offs	2,675		281		624		939		831	
Reclamation	120		30		30		30		30	
Total Production Costs	22,207	429	4,757	278	5,461	415	6,607	485	5,382	693

Note: Mine exploration expenditure is expensed 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”. 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. Statistics on a “per ounce” basis have been adjusted to take into account gold ounces shipped in gemstone.

Gold Development and Production Statistics

	2001-02 Financial Year		June 2002 Quarter		March 2002 Quarter		December 2001 Quarter		September 2001 Quarter	
	Metres	Metres	Metres	Metres	Metres	Metres	Metres	Metres	Metres	Metres
MINE DEVELOPMENT										
Metres on Ore	2,568	883	802	692	191					
Metres on Waste	7,397	2,052	1,701	1,735	1,909					
Total Metres Developed	9,965	2,935	2,503	2,427	2,100					
MINE PRODUCTION	Tonnes	Grade g/t	Tonnes	Grade g/t	Tonnes	Grade g/t	Tonnes	Grade g/t	Tonnes	Grade g/t
Inglewood Ore	95,540	9.2	28,675	10.2	23,971	10.0	21,781	9.3	21,113	7.0
Gympie Vein Ore	20,901	7.8	9,044	7.0	3,628	9.8	3,889	9.6	4,340	6.3
Stockwork Ore	19,886	9.9	4,486	10.9	3,383	6.6	9,469	11.6	2,548	5.9
Specimen Stone	1.4	2.3%	0.4	2.9%	0.4	2.1%	0.5	1.2%	0.1	6.7%
Development Ore	72,760	7.7	24,183	7.1	27,581	6.8	15,306	10.4	5,690	7.5
Total Ore Mined	209,088	8.7	66,388	8.7	58,563	8.4	50,445	10.2	33,691	7.1
TREATMENT PLANT	Tonnes	Grade g/t	Tonnes	Grade g/t	Tonnes	Grade g/t	Tonnes	Grade g/t	Tonnes	Grade g/t
Inglewood Ore	151,658	8.9	52,232	9.3	42,110	8.85	24,771	9.31	25,897	6.82
Carbonaceous Ore	2,451	8.1	0	0.0	--	--	1,322	9.52	1,129	6.35
Stockwork Ore	40,380	6.8	12,895	5.8	10,472	5.74	12,699	9.65	2,817	5.94
High Grade	1.31	0.93%	0.280	1.10%	0.376	0.75%	0.454	0.78%	0.151	1.56%
Total Ore Treated	194,490	8.54	65,127	8.65	52,582	8.29	41,746	9.95	35,034	7.01
Mill Recovery Rate(%)	94.5		93.3		93.1		96.6		96.1	
Gold Produced (ozs)	50,346		16,884		13,049		12,900		7,589	
Gemstone Gold (ozs)	1,356		236		206		664		250	
TOTAL GOLD (ozs)	51,702		17,120		13,255		13,564		7,839	

Gympie Gold ® Gemstone is sold at prices which reflect its appearance and rarity – not gold content. Production of gemstone leads to sales revenue with a multiplier of more than 7-fold. Accordingly gold production of 50,346 ounces when combined with gemstone production represents gold-revenue equivalent production of more than 55,000 ounces.

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